
AGREEMENT RELATING TO THE POLICYHOLDER ADVOCATE
TERMS OF REFERENCE

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THIS AGREEMENT is made on

day of

2006

BETWEEN:

- (1) **CGNU LIFE ASSURANCE LIMITED**, a company incorporated in England and Wales (registered no. 00226742) whose registered office is at 2 Rougier Street, York, YO90 1UU, England ("**CGNU Life**");
- (2) **COMMERCIAL UNION LIFE ASSURANCE COMPANY LIMITED**, a company incorporated in England and Wales (registered no. 00079678) whose registered office is at St. Helen's, 1 Undershaft, London EC3P 3DQ, England ("**CULAC**");
- (3) **NORWICH UNION LIFE & PENSIONS LIMITED**, a company incorporated in England and Wales (registered no. 00161274) whose registered office is at 2 Rougier Street, York, YO90 1UU, England ("**NULAP**");
- (4) **NORWICH UNION LIFE HOLDINGS LIMITED**, a company incorporated in England and Wales (registered no. 02403518) whose registered office is at 2 Rougier Street, York, YO90 1UU, England ("**NULH**"); and
- (5) **Clare Mary Joan Spottiswoode CBE**, of Dixon House, 1st Floor, 1 Lloyds Avenue, London EC3N 3DH ("**PA**")

1. DEFINITIONS

1.1 The following definitions shall apply in this Agreement:

Aviva	Aviva plc
Budget	The budget agreed between the parties as at the date hereof subject to any adjustments agreed between the Parties from time to time pursuant to the process described in Clauses 6.1.7 and 12.4
COB 6.13	Section 6.13 of Chapter 6 of FSA's Conduct of Business Rules 'Process for reattribution of inherited estates'
Confidential Information	Any information disclosed (whether before or after the date of this Agreement and whether in writing or verbally or in electronic or digital form or by any other means and whether directly or indirectly) by Aviva or any of its subsidiary undertakings or by another person on their behalf to the PA or to another person on the PA's behalf including, without limitation any information relating to Aviva or any of its subsidiary undertakings or their advisers, policyholders, products, services, operations, strategy, plans or intentions, market

	opportunities, organisational structure, business affairs, financial positions or projections
Court	The High Court of England and Wales (and, if applicable, the relevant appellate Court)
DPA	Data Protection Act 1998
FSA	Financial Services Authority Limited
FSMA	The Financial Services and Markets Act 2000
Independent Expert	The independent expert appointed in relation to the Scheme and approved by the FSA under section 109(2)(b) of FSMA
Inherited Estate	The amount by which the value of the assets in an insurance company's with-profit fund(s) exceeds the amount required to meet liabilities attributable to such with-profit fund(s), such liabilities to include the regulatory duty to treat policyholders fairly in making and settling discretionary benefits
Internal Actuaries	Those actuaries appointed by NULAP and the Transferor Companies pursuant to Section 4.3 of FSA's Supervision Manual
Norwich Union Companies	CGNU Life, CULAC, NULAP and NULH
NUIL	Norwich Union International Limited
NUL(RBS)	Norwich Union Life (RBS) Limited
PA	Policyholder Advocate
Parties	CULAC, CGNU Life, NULAP, NULH and the PA
Policyholder Incentive Payment	The cash payment or additional bonus payable (depending on the type of with-profits policy held) pursuant to the Scheme to a Relevant Policyholder who elects to receive a Policyholder Incentive Payment under the Reattribution Proposals
Reattribution Proposals	The proposals whether contained in the Scheme or any other related document relating to the reattribution of the Inherited Estates of CULAC and CGNU Life and any distribution of surplus that could be undertaken in conjunction with such reattribution

retribution	The process under which a company which carries on with-profits business seeks to redefine the rights and interests that the with-profits policyholders have over the Inherited Estate and "reattributed" shall be interpreted accordingly
Relevant Policyholders	CULAC, CGNU Life, NUL(RBS) and NUIL policyholders eligible to elect to receive a Policyholder Incentive Payment under the Reattribution Proposals
Relevant Inherited Estate	The Inherited Estate of CULAC and/or CGNU Life, as the context requires
Report	The report containing inter alia the PA's conclusions in respect of the level of aggregate Policyholder Incentive Payments
Scheme	The proposed insurance business transfer scheme pursuant to Part VII of FSMA for the transfer of the long term insurance business of the Transferor Companies to NULAP and the reattribution of the Inherited Estates of CULAC and CGNU Life in accordance with the Reattribution Proposals
Timetable	The timetable agreed between the parties as at the date hereof as adjusted from time to time by the Norwich Union Companies with the agreement of the FSA and the PA
Transferor Companies	CGNU Life, CULAC and NUL(RBS)

1.2 In this Agreement subsidiary undertaking is to be construed in accordance with section 420 of FSMA.

1.3 The headings in this Agreement do not affect its interpretation.

1.4 Terms defined in FSMA or the Glossary to the FSA Handbook shall, unless otherwise defined, have the same meanings in this Agreement.

2. BACKGROUND

2.1 CULAC and CGNU Life are both UK authorised life insurance companies ultimately owned by Aviva. Aviva (which in relation to life insurance trades as Norwich Union in the UK) resulted from the merger of CGU plc and Norwich Union plc in May 2000. It is the largest insurer in the UK and one of the top five life insurers in Europe.

2.2 The structure of Aviva's UK life insurance operations (resulting from the corporate mergers that created the Aviva group) has been simplified in particular by transfers of insurance business in 2004 under Part VII of FSMA. However some further restructuring is required in order to maximise capital and operational efficiency and flexibility.

2.3 Aviva intends to simplify the corporate structure of its life insurance business by:

- 2.3.1 transferring the long term insurance business carried on by each of the Transferor Companies to one of its subsidiary companies, NULAP; and
- 2.3.2 reattributing the Inherited Estates of CULAC and CGNU Life.
- 2.4 This restructuring is intended to be done by way of an insurance business transfer scheme pursuant to Part VII of FSMA, which will require the consideration of the Internal Actuaries, an Independent Expert and the FSA. The Scheme will also require the approval of the High Court. The reattribution will also require the appointment of and negotiation with an independent Policyholder Advocate pursuant to COB 6.13 who will represent the interests of Relevant Policyholders.
- 2.5 The implementation of the Reattribution Proposals will be conditional upon a minimum percentage by policy value of Relevant Policyholders electing to receive a Policyholder Incentive Payment and upon Court approval of the Scheme.
- 2.6 In the event that the Court approves the Scheme, but the minimum percentage election threshold is not reached, the Transferor Companies' long term business will be transferred to NULAP, but the Inherited Estates of CGNU Life and CULAC will not be the subject of a reattribution and no Policyholder Incentive Payments will be made.
- 2.7 As part of its wide-ranging review of with-profits business in the UK, the FSA concluded that the lack of an independent negotiator operating on behalf of policyholders (a policyholder advocate) was a weakness in the then current process for dealing with the reattribution of Inherited Estates.
- 2.8 Following consultation with and feedback from the insurance industry the position has been addressed by the introduction of the provisions of COB 6.13. COB 6.13 requires the appointment of a policyholder advocate to negotiate on behalf of Relevant Policyholders.
- 2.9 The terms of the PA's appointment are set out in the following Clauses of this Agreement. The Agreement has been considered by the FSA as required by COB 6.13 and the FSA has confirmed in writing that it has no objection to the Agreement being entered into.

3. APPOINTMENT AND ROLE OF POLICYHOLDER ADVOCATE

- 3.1 The Norwich Union Companies hereby appoint Clare Mary Joan Spottiswoode CBE (the **PA**) to act as PA for the Reattribution Proposals with effect from the date of this Agreement.
- 3.2 The PA's role is:
- 3.2.1 to negotiate on behalf of Relevant Policyholders the level of aggregate Policyholder Incentive Payments, any other benefits to be offered to them in exchange for the rights and interests, if any, that they will be asked to give up, and any other terms and conditions of the Reattribution Proposals of material relevance to the value to be realised by Relevant Policyholders or groups of Relevant Policyholders or the NULAP shareholders under the Reattribution Proposals, to the eligibility of policyholders to participate in the Reattribution Proposals or to the allocation of benefits amongst policyholders.

- 3.2.2 for the purposes of the negotiation under Clause 3.2.1 to review the methodology used for the allocation of benefits offered under the Reattribution Proposals amongst the Relevant Policyholders, or groups of Policyholders, the form of Policyholder Incentive Payments and any other benefits offered under the Reattribution Proposals, the criteria for determining eligibility of policyholders to participate in the Reattribution Proposals, the criteria proposed by the Norwich Union Companies to determine the value to be realised by the NULAP Shareholders as a result of the Reattribution Proposals and any other aspects of the Reattribution Proposals which the PA considers relevant to the negotiation referred to in Clause 3.2.1 and to take any of these matters into account in the conduct of such negotiations as the PA considers appropriate.
- 3.2.3 to produce a Report commenting to Relevant Policyholders on the terms and conditions of the Reattribution Proposals including:
- (i) the methodology used for the allocation of benefits amongst the Relevant Policyholders, or groups of Relevant Policyholders, and the form of those benefits;
 - (ii) the criteria used for determining which policyholders will be the Relevant Policyholders;
 - (iii) the views expressed by the Independent Expert and the actuary appointed to CGNU Life and CULAC to perform the with-profit actuary function on the allocation of any benefits amongst the Relevant Policyholders;
 - (iv) whether in the opinion of the PA the Reattribution Proposals are in the interests of the Relevant Policyholders or each group of Relevant Policyholders together with reasons; and
- such other matters as the PA considers that Relevant Policyholders should be made aware of in relation to the Reattribution Proposals
- 3.3 The PA will ensure that the Report and any other written policyholder communications will contain an express statement to the effect that she is not providing advice to Relevant Policyholders individually and that Relevant Policyholders should consider their own individual position and seek their own independent financial advice concerning the Reattribution Proposals if they are unsure how to respond.
- 3.4 A summary of the Report will be included in the package containing the circular to policyholders to be issued by the Norwich Union Companies setting out the Reattribution Proposals. The Report will also be made available to Relevant Policyholders, the Court, the FSA, the Independent Expert and the Norwich Union Companies and may be made publicly available as the PA considers appropriate after consultation with the Norwich Union Companies. The Report shall be made available to Relevant Policyholders without charge.
- 3.5 The Parties agree that the following core principles will govern their approach and conduct in respect of the matters covered by this Agreement:
- 3.5.1 The PA is and will remain independent from Aviva, the Norwich Union Companies, NUIL and NU (RBS) and the relationship between them during

negotiations will be as between professionals negotiating a commercial transaction in good faith.

- 3.5.2 The Parties will each use their reasonable endeavours to adhere to the Timetable subject to such changes thereto as may be agreed between them in consultation with the FSA. Within the Timetable it is anticipated that the PA will investigate issues which she considers relevant to the reattribution of the Inherited Estates of CULAC and CGNU Life, that she will then consult with Relevant Policyholders and other relevant persons on the Reattribution proposals and following such consultation will negotiate on behalf of Relevant Policyholders with the Norwich Union Companies as envisaged in Clause 3.2.1.
- 3.5.3 The PA will be mindful of the need to avoid unnecessary or inappropriate duplication of effort with other persons who are required to consider the interests of policyholders in the context of the Reattribution Proposals and the Scheme as a whole, in particular the Independent Expert. However, it is acknowledged that the PA may wish to consult closely with and review the work of such other persons to understand the terms of the Scheme and the Reattribution Proposals as well as the methodology employed, and conclusions reached, by such other persons, and may need to make herself available to discuss her approach and conclusions with such other persons.
- 3.6 The PA shall use all reasonable endeavours to make herself available to the FSA and the Independent Expert as and when reasonably required and may communicate freely, and at her discretion, with the FSA and the Independent Expert. Unless the PA considers that it would conflict with her responsibilities to Relevant Policyholders or compromise her independence she will inform the Norwich Union Companies of the content of any such communication, by copying relevant correspondence or summarising the content of any meeting. The Norwich Union Companies will also inform the PA of any communication with the FSA relevant to the Reattribution Proposals by copying correspondence or summarising the content of any meeting.
- 3.7 The PA hereby confirms that no conflict of interest exists in the context of her role and her obligations pursuant to this Agreement and undertakes to use all reasonable endeavours to be available at all reasonable times during the term of her appointment to fulfil her obligations pursuant to this Agreement within the Timetable.
- 3.8 The PA may, subject to the Norwich Union Companies confirming that there is no conflict of interest in relation to each proposed adviser (such confirmation not to be unreasonably withheld or delayed), engage such actuarial, tax or other professional advisers as she considers necessary or desirable to assist her in her role as PA. The PA shall procure that each such adviser shall use his reasonable endeavours to assist the PA in meeting the Timetable requirements.

4. INVESTIGATIONS

- 4.1 The PA may from the date of this Agreement up until the conclusion of negotiations with NULH carry on such investigations as she considers necessary or desirable for the performance of her role as PA as described in Clause 3.
- 4.2 The Norwich Union Companies shall, in accordance with and subject to clause 12.1, give the PA and her advisers access
- (i) to a data room containing relevant documents; and

- (ii) to any other information relevant to the Reattribution Proposals requested by the PA in the context of her role and reasonably available to the Norwich Union Companies,

and shall assist the PA and her advisers with model runs using software available to the Norwich Union Companies which the PA considers necessary or desirable in the context of her role as PA.

- 4.3 The Norwich Union Companies will arrange for the PA (and if requested by the PA her external advisers) to be briefed on the Scheme and the Reattribution Proposals, either in a series of one to one meetings or through formal presentations, as agreed by the Parties and will use all reasonable endeavours to provide such additional information and explanations as the PA may request to assist her in performing her role.
- 4.4 For the purposes of Clause 4, the Norwich Union Companies will give the PA access, for the purposes of her investigations, to the Independent Expert, the Internal Actuaries of the Norwich Union Companies, the actuarial advisers to the Norwich Union Companies and other relevant directors or employees of, or other advisers to, the Norwich Union Companies.
- 4.5 The Norwich Union Companies hereby agree, for the purposes of section 348 of FSMA, that the FSA may disclose to the PA and her advisers any information, whether or not confidential, regarding the relevant funds within the Norwich Union Companies which is pertinent to the Reattribution Proposals.

5. POLICYHOLDER ENQUIRIES AND COMMUNICATIONS

- 5.1 The Norwich Union Companies will issue a public announcement of the PA's appointment under these terms of reference as soon as practicable following the date of this Agreement. As soon as reasonably practicable thereafter, the Norwich Union Companies shall send Relevant Policyholders a confirmation of the PA's appointment, together with a letter from the PA which will describe the PA's role and contain details of how the PA may be contacted by Relevant Policyholders who wish to make representations or enquires about the PA's role or the Reattribution Proposals. The Norwich Union Companies and the PA will consult with one another on the form and content of the public announcement, the Norwich Union Companies' confirmation and PA's letter prior to their distribution to Relevant Policyholders with a view to avoiding duplication, inconsistencies or omissions in the communications.
- 5.2 The PA may respond to representations and enquiries from, and communicate with, policyholders of CULAC and CGNU Life and other relevant persons, whether individually or collectively and by such methods (including helpline facilities and public meetings), as she considers appropriate. Where practicable the content and timing of all public announcements and policyholder communications to be issued by the PA pursuant to or in connection with this Agreement, the Scheme or the Reattribution Proposals (except verbal communications and the Report (to which the provisions of Clause 8 shall apply)) will be notified to the Norwich Union Companies sufficiently in advance of publication to enable the Norwich Union Companies to review the same and the PA shall consult with the Norwich Union Companies with a view to ensuring that any such public announcements or policyholder communications are free of factual errors.

Where practicable the content and timing of all public announcements and policyholder communications to be issued by any of the Norwich Union Companies pursuant to or in

connection with this Agreement, the Scheme or the Reattribution Proposals will be notified to the PA sufficiently in advance of publication to enable the PA to review the same and the PA shall consult with the Norwich Union Companies with a view to ensuring that any such public announcements or policyholder communications are free of factual errors.

- 5.3 It is recognised that there will be periods when communications between Relevant Policyholders and other relevant persons and the PA reach a peak – for example immediately following the public announcement of the appointment or the mailing of the circular for the Scheme. The Norwich Union Companies will use all reasonable endeavours to ensure that the level of resource providing services and support to the PA pursuant to Clauses 12.1 and 12.3 is sufficiently flexible to deal with enquiries during such peak periods in an efficient manner.
- 5.4 In order to communicate effectively with Relevant Policyholders and other relevant persons, the PA may require access to records that contain data that is subject to the DPA. The PA will access their records in a manner that is compliant in all respects with the DPA. Subject to the foregoing provisions of this clause 5.5, the Norwich Union Companies shall provide the information which the PA considers that she requires to communicate with Relevant Policyholders and other persons.

6. CONSULTATION BETWEEN THE PARTIES

- 6.1 The Parties agree to hold progress review meetings periodically during the course of the PA's appointment. The timing of meetings will be as agreed between the Parties, provided that there will be at least one meeting in each calendar month. The matters under discussion at these meetings will include:
- 6.1.1 issues for all Parties arising from past and anticipated communications with Relevant Policyholders or others;
 - 6.1.2 the adequacy of any support services provided for the PA by the Norwich Union Companies pursuant to this Agreement;
 - 6.1.3 any proposal by the PA to use support services provided by third parties, including the costs and benefits thereof;
 - 6.1.4 consultation in respect of forthcoming public announcements and/or communications with Relevant Policyholders by any of the Parties;
 - 6.1.5 discussion on progress on outstanding requests for information;
 - 6.1.6 discussion on progress against the Timetable; and
 - 6.1.7 review of the Budget, actual expenditure and planned expenditure and agree any appropriate changes to the Budget.
- 6.2 The meetings will be attended by relevant principal points of contact and such other persons as the Parties each consider are appropriate given the matters to be discussed. The PA will produce an agenda of points that she wishes to be dealt with at the meeting and will distribute the same to the Norwich Union Companies at least five days prior to each meeting. The Norwich Union Companies will notify to the PA any further points that they wish to be discussed at the meeting at least three days prior to each meeting. Formal minutes of the matters discussed and any decisions made will be taken by the

Norwich Union Companies and agreed with the PA. The meetings will be chaired alternately by the PA and a delegate of the Norwich Union Companies.

- 6.3 Records of all correspondence and attendances between (i) the PA and any person representing the PA, including any person assisting with respect to any helpdesk facility available to the PA and (ii) Relevant Policyholders and other persons will be retained and maintained by or on behalf of the PA (at the expense of the Norwich Union Companies) for a period of at least six years following the termination of the PA's appointment. The Norwich Union Companies acknowledge that such records are records of the PA and that they shall not (except as may be required by FSA or in order to comply with requirements of the Court in relation to the Part VII FSMA transfer of insurance business) be entitled to have such records without the prior written consent of the PA and shall (save as may be required in connection with the Part VII FSMA transfer of insurance business as aforesaid) keep confidential any such records as come into their possession at any time.

7. NEGOTIATIONS

- 7.1 The PA shall negotiate on behalf of Relevant Policyholders in accordance with Clause 3.2 the level of aggregate Policyholder Incentive Payments, any other benefits given to Relevant Policyholders under the Reattribution Proposals in exchange for the rights or interests, if any, that they will be asked to give up and any other terms and conditions of the Reattribution Proposals of material relevance to the value to be realised by Relevant Policyholders or groups of Policyholders or the NULAP Shareholders under the Reattribution Proposals, to eligibility to participate in the Reattribution Proposals or to the allocation of benefits amongst policyholders.
- 7.2 In preparation for the negotiation referred to in clause 7.1, the Norwich Union Companies will provide, in accordance with and subject to clause 12.1, information to the PA on the following factors and on such other factors as the PA or the Norwich Union Companies may consider relevant to the negotiations in each case to the extent reasonably available to the Norwich Union Companies:
- 7.2.1 the prospects for any possible distribution of the Relevant Inherited Estate in the foreseeable future, in the absence of the Reattribution Proposals;
- 7.2.2 the likely economic value to shareholders of the Reattribution Proposals, taking into account inter alia the following:
- (a) in the absence of the Reattribution Proposals shareholders already have a 10% interest in any future distribution of surplus from the Relevant Inherited Estate;
 - (b) in the absence of the Reattribution Proposals shareholders already benefit from value accruing to them as a result of their ability to utilise the Relevant Inherited Estate while it remains within a with-profits sub-fund to support the business of the relevant Norwich Union Company;
 - (c) the impact of any possible future calls on the Reattributed Inherited Estate (to inter alia facilitate smoothing or provide investment flexibility) on any possible future distributions of surplus from such Reattributed Inherited Estate;

- (d) the rates of taxation applicable to any distributions to shareholders of surplus from the Reattributed Inherited Estate; and
- (e) the uncertainty as to when the Reattributed Inherited Estate may be capable of being released from the restrictions imposed on it under the Scheme.

7.2.3 whether the level of aggregate Policyholder Incentive Payments is within a reasonable range in the light of prevailing economic conditions.

7.3 The level of aggregate Policyholder Incentive Payments to be negotiated by the PA represents the amount that will be payable if 100 per cent. of Relevant Policyholders elect in favour of a cash or bonus payment under the Reattribution Proposals. As will be set out in the Scheme, if a lower percentage of Relevant Policyholders so elect (provided that any required election threshold is reached), part only of the negotiated level of aggregate Policyholder Incentive Payments shall be payable to electing Relevant Policyholders.

7.4 The Norwich Union Companies acknowledge that the PA, having made enquiries into and reviewed the methodology and assumptions and other matters relevant to the determination of the size of the Inherited Estates of CULAC and CGNU Life as she considers appropriate, will (in the absence of any manifest error) be entitled to adopt for the purposes of her investigations, consultations and negotiations the determination of the size of the Inherited Estates of CULAC and CGNU Life made by the Norwich Union Companies and their actuarial advisers, on a basis consistent with that set out in the Scheme and relevant FSA Returns of the Norwich Union Companies and as reviewed by the Independent Expert and the FSA. The PA may comment on such methodology and assumptions and other matters relevant to the determination of the size of the Inherited Estates and on the size of the Inherited Estates in her report to Relevant Policyholders. For the avoidance of doubt (i) nothing in this clause will restrict the PA from making her own assessment of the values of the Inherited Estates of CULAC and CGNU Life to Relevant Policyholders and the shareholders of CULAC and CGNU Life or NULAP (as appropriate) before and after the Reattribution Proposals and of the methodology and assumptions used by the Norwich Union Companies to determine such values and from using her assessment of such values and of such methodology and assumptions for the purposes of her negotiations with the Norwich Union Companies and (ii) nothing in this clause shall limit the obligations of the Norwich Union Companies under clauses 4, 7 and 12 to provide information to the PA.

7.5 The way in which the negotiations are conducted and structured is a matter for discussion and agreement between the Parties. The Parties shall procure that their respective representatives and advisers will make themselves available as reasonably required with a view to concluding the negotiations within the Timetable.

7.6 The PA will use all reasonable endeavours to make herself available as required for discussions with the Independent Expert, the board of directors of NULH, the FSA and any other relevant persons for the purposes of concluding negotiations.

7.7 At the conclusion of the negotiation phase the PA will provide the FSA with full details of the level of aggregate Policyholder Incentive Payments and any other benefits for Relevant Policyholders and other relevant terms and conditions that she has been able to negotiate with NULH. No public or other announcement may be made by any of the Parties in respect of the outcome of the negotiation until the FSA has confirmed that it

has no objection to the Reattribution Proposals including the negotiated Policyholder Incentive Payments being put to the Relevant Policyholders for consideration.

8. THE REPORT

- 8.1 The PA will prepare a draft Report and circulate the draft to the Norwich Union Companies and the Independent Expert as soon as reasonably practicable of the FSA's confirmation that it has no objection to the Reattribution Proposals including the negotiated Policyholder Incentive Payments being put to the Relevant Policyholders for consideration.
- 8.2 The PA will consult with NULH on the draft Report with a view to avoiding any factual inaccuracies, errors and/or omissions being contained within the Report. Following such consultations, the PA will provide the FSA with the final version of her Report.
- 8.3 The Report will take into account the matters referred to in clause 3.2 and:
 - 8.3.1 explain the role of the PA;
 - 8.3.2 comment on whether the information provided to the PA and her advisers has been sufficient to allow her to perform the role effectively;
 - 8.3.3 outline and explain the terms and conditions of the Reattribution Proposals including the negotiated Policyholder Incentive Payments; and
 - 8.3.4 explain with reasons whether in her opinion it would be in the interests of all or identified groups of Relevant Policyholders to elect to receive the Policyholder Incentive Payments to be offered to them which she has negotiated.
- 8.4 The PA shall prepare a summary of the Report for inclusion in the package containing the circular to be issued by the Norwich Union Companies to Relevant Policyholders in respect of the Scheme. A draft of any such summary shall be provided to the Norwich Union Companies and the FSA and the PA will consult with NULH with a view to avoiding any factual inaccuracies, errors and/or omissions in such summary.

9. POST-REPORT PHASE

- 9.1 The PA will attend and give evidence at any Court hearing in respect of the Scheme if requested by the Norwich Union Companies or if she considers it appropriate. The PA acknowledges that she may be required to provide evidence either in person or in writing to the Court on the matters covered in her Report or relating to her appointment in general.
- 9.2 After the issue of the Report the PA may continue to communicate with Relevant Policyholders and other relevant persons either individually or collectively to the extent that she considers appropriate provided that (i) she complies with clause 5.2, (ii) she has regard to the contents of the Report and the overall status of the Reattribution Proposals, (iii) except to the extent that she in her reasonable opinion considers it appropriate, she shall ensure that such communications are consistent with the Report in all material respects.
- 9.3 In the event that the Scheme is amended in any respect, the Independent Expert revises, amends or withdraws his report on the Scheme in any respect or the FSA requires or any of the Norwich Union Companies make any further public statement or issue any circular in relation to the Reattribution Proposals after the initial circular to

policyholders, the PA may make such comment, and issue such communication to policyholders and other persons, as she considers appropriate provided that she complies with clause 5.2.

10. TERM AND TERMINATION

- 10.1 The PA's appointment under this Agreement shall (unless terminated at an earlier date pursuant to Clauses 10.2 to 10.5) terminate on the date on which the Scheme becomes effective.
- 10.2 Termination of this Agreement does not affect a Party's accrued rights and obligations at the date of termination. Each Party's rights and obligations shall cease immediately on termination except that Clauses 11 and 13, together with those clauses the survival of which is necessary for the interpretation or enforcement of this Agreement and clause 17, shall survive termination of this Agreement and shall continue in full force and effect without limitation.
- 10.3 The Norwich Union Companies, with the consent of the FSA, may terminate the PA's appointment on giving written notice to the PA with immediate effect should any of the following occur:
- 10.3.1 a bankruptcy order being made against the PA pursuant to the Insolvency Act 1986;
 - 10.3.2 the mental or physical incapacity of the PA so as to materially affect her ability to perform her obligations under this Agreement;
 - 10.3.3 the existence of an irreconcilable conflict of interest which materially affects the PA's ability to perform her obligations under this Agreement;
 - 10.3.4 the non disclosure by the PA of any material fact that would had it been known to the Norwich Union Companies at the time of the PA's appointment have altered the Norwich Union Companies' decision to make the appointment;
 - 10.3.5 the PA's persistent and/or material failure to adhere to the Timetable (as amended by agreement) or make herself available at reasonable times to carry out her obligations under this Agreement without good cause; or
 - 10.3.6 conviction of an "either way" offence pursuant to the Criminal Justice Act 1988.
- 10.4 Any one of the Parties may, after consultation with the FSA, terminate this Agreement by written notice to the other with immediate effect in the event of an irreconcilable difference of opinion concerning a dispute that has not been capable of resolution pursuant to the dispute resolution procedure contained at Clause 14.1, provided that if the Norwich Union Companies shall invoke this provision, the PA shall be entitled to receive a payment of 6 months of the monthly consultancy fee payable to the PA and specified in her letter of appointment sent by Aviva on 12 January 2006 and counter-signed by the PA on 1 February 2006 in addition to any accrued but unpaid fees and expenses up to the date of termination.
- 10.5 The Norwich Union Companies may terminate this Agreement, on 14 days' prior written notice to the PA, if the Norwich Union Companies decide in their absolute discretion to abandon the Scheme or the Reattribution Proposals provided that the Norwich Union Companies shall pay to the PA 6 months of the monthly consultancy fee payable to the

PA and specified in her letter of appointment sent by Aviva on 12 January 2006 and counter-signed by PA on 1 February 2006 in addition to any accrued but unpaid fees and expenses up to the date of termination. For the avoidance of doubt, such fees will accrue on a daily basis.

- 10.6 The PA may terminate this Agreement on not less than 6 months prior written notice to the Norwich Union Companies if due to a material change in her personal circumstances she reasonably considers that she cannot practically perform all of her obligations under the Agreement. If the PA serves such a notice the Norwich Union Companies shall be entitled to terminate this Agreement on such shorter notice as they may determine provided that they shall pay the PA the monthly consultancy fee which the Norwich Union Companies have agreed to pay for each month or part of a month by which the aforementioned 6 month period is reduced.
- 10.7 For the avoidance of doubt, the termination of this Agreement shall not prevent the Norwich Union Companies from proceeding with the Scheme and the Reattribution Proposals (subject to the provisions of COB 6.13 and FSA consent) despite the termination of the PA's appointment.
- 10.8 On termination of this Agreement, subject to clause 11, each of the Parties shall be permitted to make such announcement as they consider appropriate explaining that the Agreement has been terminated and any associated circumstances or reasons for such termination, provided that each will consult with the other on the timing and content of such announcement prior to publication.

11. CONFIDENTIALITY

- 11.1 This Clause 11 sets out the conditions under which the Norwich Union Companies will disclose Confidential Information to the PA.
- 11.2 The PA shall keep the Confidential Information confidential and, in particular:
- 11.2.1 shall not use the Confidential Information for any purpose other than to fulfil her obligations pursuant to Clauses 3.2 and 3.3 of this Agreement; and
- 11.2.2 shall not, without the prior written consent of the Norwich Union Companies, disclose the Confidential Information to another person and shall make every effort to prevent the use by, or disclosure to, any other person of the Confidential Information (other than as permitted in Clause 11.3).
- 11.3 The PA may only disclose Confidential Information:
- 11.3.1 to her professional advisers whose knowledge of the Confidential Information is essential for the purposes of assisting the PA in fulfilling her obligations pursuant to this Agreement, and the PA shall ensure that each person to whom Confidential Information is disclosed pursuant to this Clause 11.3 undertakes to comply with the terms of this Agreement as if that person were a party to this Agreement in a form satisfactory to the Norwich Union Companies;
- 11.3.2 if disclosure is required by law, by a court of competent jurisdiction or by another appropriate regulatory body, provided that so far as reasonably practicable the PA will give the Norwich Union Companies not less than three business days' notice in writing of that disclosure and take into account the

reasonable requirements of the Norwich Union Companies as to its timing, content and manner of disclosure;

- 11.3.3 after receiving written confirmation from the Norwich Union Companies that the information previously categorised as Confidential Information may be released for the purposes of and as part of her Report, or the summary thereof.
- 11.4 If the PA is unable to consult with the Norwich Union Companies prior to any required disclosure referred to in Clause 11.3.2, the PA must inform the Norwich Union Companies of the circumstances, timing, content and manner of making or despatch of the disclosure as soon as reasonably practicable after disclosure is made.
- 11.5 Clauses 11.1 to 11.4 inclusive do not apply to any Confidential Information:
- 11.5.1 to the extent that it is or becomes publicly known other than by breach of this Agreement by the PA or her advisers; or
- 11.5.2 which the PA can show by her written records was lawfully in her possession prior to her receiving it from the Norwich Union Companies and which the PA had not previously obtained from the Norwich Union Companies or from another person on their behalf under an obligation of confidence.
- 11.6 The Parties agree that damages would not be an adequate remedy for a breach of this Clause 11 and/or breach of confidence and the Norwich Union Companies are entitled to the remedies of injunction, specific performance and other equitable relief for a threatened or actual breach of this Clause 11 and/or breach of confidence.
- 11.7 The Norwich Union Companies will take prudent steps to ensure the accuracy and completeness of all information supplied to the PA and shall take all reasonable steps to ensure that no information relevant to the Reattribution Proposals is withheld from the PA. The Norwich Union Companies shall also take all reasonable steps to update the information supplied to the PA as appropriate and shall procure that to the extent that any director, Internal Actuary or adviser has indicated in writing that he disagrees with any conclusion in any document provided to the PA that fact is disclosed to the PA. Save as expressly provided in this Agreement, the Norwich Union Companies are not liable to the PA or any other person in respect of the information provided to the PA or its use.
- 11.8 The PA acknowledges that Confidential Information may include price sensitive information relating to Aviva and, to the extent that it does, the PA confirms that she and her advisers are aware of and will take all reasonable steps to ensure that the provisions of section 52 of the Criminal Justice Act 1993, section 118 of FSMA and any related regulations and other legislation prohibiting disclosure of price sensitive information which may be in force from time to time are not breached.
- 11.9 The failure to exercise or delay in exercising a right or remedy provided by this Clause 11 by law or in equity, does not impair or constitute a waiver of the right or remedy or an impairment of or a waiver of other rights or remedies. No single or partial exercise of a right or remedy provided by this Clause 11, by law or in equity, prevents further exercise of the right or remedy or the exercise of another right or remedy available to the Norwich Union Companies, whether contractual, equitable, proprietary or otherwise.
- 11.10 The provisions of this Clause 11 shall survive termination of this Agreement and continue in full force and effect without limitation.

11.11 Following completion or termination of the PA's appointment the PA shall, within 21 days of a written request from NULH and subject to regulatory or professional requirements, return to the Norwich Union Companies all documents and other material in her possession, custody or control that contain any part of the Confidential Information and use all reasonable efforts to erase all computer files or other electronically stored data or media which contain any part of the Confidential Information and, following such erasure, will not attempt to recover such material.

12. INFORMATION, ADMINISTRATIVE SUPPORT AND BUDGET

12.1 The Norwich Union Companies will use all reasonable endeavours to provide the PA with all information reasonably requested and necessary for the PA to satisfy her obligations under this Agreement, within time-scales that will allow the PA to carry out her obligations pursuant to this Agreement, in accordance with the Timetable, including in particular the information envisaged in Clause 4.2 and Clause 7.2 provided that the Norwich Union Companies will be under no obligation to disclose information that is protected by legal privilege or is not relevant to the Reattribution Proposals.

12.2 The PA will be entitled to obtain such administrative support and assistance as she considers appropriate and to obtain such support and assistance from such sources as she considers appropriate, including the Norwich Union Companies.

12.3 The Norwich Union Companies will, to the extent required by the PA, provide a reasonable and appropriate level of administrative support to enable the PA to carry out her investigation, negotiations and preparation of her report. In particular:

12.3.1 To facilitate the PA's access to information during the course of her investigation, the Norwich Union Companies shall provide principal points of contact for the following key areas: actuarial, legal, tax and finance;

12.3.2 Principal points of contact from human resources, facilities, expense control, customer services and public relations will be available to assist the PA;

12.3.3 During the term of the PA's appointment, as and when reasonably required by the PA, the Norwich Union Companies will provide:

(a) suitable office accommodation and secretarial assistance for the PA in London and York; and

(b) a helpdesk facility to assist the PA in handling the flow of enquiries from Relevant Policyholders.

12.4 Subject to Clause 6.1.7 and as provided in this Clause 12.4 the Norwich Union Companies and the PA agree that the PA may spend the aggregate amount of the Budget agreed by them for the PA in any manner that she reasonably considers appropriate in the context of the objectives of her role. The PA will operate a bank account for these purposes in accordance with terms agreed between the Norwich Union Companies and the PA. During the review meetings referred to in clause 6.4 the Norwich Union Companies and the PA will review actual and proposed expenditure against the Budget and the PA will indicate whether she considers that the Budget remains adequate or needs to be increased together with her reasons for such increase. The PA and the Norwich Union Companies will use all reasonable endeavours to agree the extent to which the Budget is to be revised and the Norwich Union Companies agree

not to withhold or delay their agreement unreasonably to the extent that any revision relates to fees and disbursements of any of the advisers of the PA.

- 12.5 The PA will be responsible for keeping accurate records of her expenses and shall provide a summary of such expenditure at least monthly to the Norwich Union Companies.
- 12.6 The Parties recognise that the costs of the PA will be a matter of interest to Relevant Policyholders, the shareholders of CGNU Life and CULAC, the FSA and the Court. All expenditure by the PA shall be audited by the Norwich Union Companies' auditors at such times as the Norwich Union Companies shall determine prior to the termination of this Agreement. The PA may audit any services provided by the Norwich Union Companies and any associated charges at the cost of the Norwich Union Companies. The PA shall use all reasonable endeavours to mitigate the costs of any such audit. Reference to the costs of the PA and other advisers may be made in the circular to policyholders describing the Reattribution Proposals or any other public announcement or disclosure to any person, including Relevant Policyholders and the FSA, provided that such reference is made as part of a disclosure of the total costs and expenses incurred in relation to the Reattribution Proposals and the reorganisation of Aviva's long term insurance business as referred to in clause 2.3 and the PA shall provide such evidence of her expenditure as the Norwich Union Companies may reasonably require from time to time. The Norwich Union Companies shall reimburse the PA for all reasonable costs and expenses which she incurs in relation to the provision of evidence of expenditure and any audit referred to in this clause 12.6 and such reimbursement shall not be deducted from the Budget.

13. INDEMNITY AND WAIVER OF CLAIMS

- 13.1 NULAP will, subject to Clause 13.3, indemnify and keep indemnified the PA against any loss, liability, cost, charge, damage, expense (including reasonable legal fees), action, proceeding, claim or demand (together '**Liability**') that may result from her appointment, role or activities as the PA.
- 13.2 The PA will procure that all reasonable steps are taken and all reasonable assistance is given to avoid or mitigate any Liability which might give rise to a claim under Clause 13.1. If the PA becomes aware of any claim relevant for the purposes of Clause 13.1 she will promptly notify NULAP and take or procure such action to be taken as NULAP considers reasonably necessary to deal with such claim. The PA will provide to NULAP and its legal advisers, at NULAP's cost, all such information relating to such claim as NULAP may reasonably require.
- 13.3 This indemnity will not take effect where the Liability arises as a result of fraud, bad faith, a breach of clause 11 or an act, circumstance or default which would entitle the Norwich Union Companies to terminate the appointment of the PA under clause 10.3.4 or 10.3.5 on the part of the PA or her advisers.
- 13.4 It is intended that the Scheme will provide that, in the absence of fraud or bad faith, the PA is held harmless against all claims, liabilities and actions that might arise as a result of her appointment, role or activities as the PA. However, if the Court does not sanction this provision of the Scheme (in whole or in part), this will not represent a breach of this Agreement or create any right or remedy for the PA.

13.5 The Norwich Union Companies acknowledge that the PA has been engaged to act for policyholders and not for the Norwich Union Companies. Accordingly the Norwich Union Companies waive any rights which any of them may have:

- (a) To bring any claim for damages against the PA for breach of the terms of this Agreement other than:-
 - (i) for breach of any obligations of the PA which are expressly stated in this Agreement to be obligations towards the Norwich Union Companies (or any of them)
 - (ii) pursuant to clause 11;
 - (iii) In circumstances where the Norwich Union Companies are entitled to terminate this Agreement under clause 10.3.4 or 10.3.5 or
 - (iv) For fraud or bad faith in the context of performing the role of PA.
- (b) To bring a derivative action against the PA on behalf of policyholders.

The provisions of this Clause 13 shall survive termination of this Agreement and continue in full force and effect without limitation.

14. DISPUTE RESOLUTION

14.1 The Parties will use their reasonable endeavours to resolve any dispute arising between the PA and the Norwich Union Companies in connection with this Agreement in good faith and shall adopt the following procedure:

14.1.1 In the first instance, the PA and the relevant principal point of contact shall attempt to resolve the dispute;

14.1.2 Failing resolution of the dispute at the principal point of contact level, the dispute may be referred by either party to the Chief Executive of the Norwich Union Companies who will attempt in good faith to resolve the dispute within seven days from the date of referral or such other timescale as the Parties may agree; and

14.1.3 Any agreement reached between the PA and the Norwich Union Companies pursuant to Clause 14.1.2 will be recorded in writing and will not bind the Parties until so recorded and such record has been signed by the Parties.

14.1.4 The Norwich Union Companies will notify the FSA of any dispute that becomes subject to the procedures specified in 14.1.1 and 14.1.2 and provide the FSA with a copy of any agreement recorded under 14.1.3. Either of the Parties may contact the FSA during such a dispute.

14.2 During the course of the dispute resolutions procedure referred to in Clauses 14.1 the Parties will continue to provide the services required pursuant to this Agreement and will continue to abide by the terms of this Agreement.

14.3 The Parties acknowledge that the disputes procedure contained in this Clause 14 is not intended to be and shall not be used as a mechanism to finalise the negotiations.

15. GENERAL

- 15.1 Any notice or communication in connection with this Agreement to be provided in writing by the PA to the Norwich Union Companies shall be delivered to or sent by the PA to NULH, at its address set out in this Agreement, marked for the attention of the Director of Legal Services. Any notice or communication in connection with this Agreement to be provided in writing by the Norwich Union Companies to the PA shall be delivered to or sent by NULH on behalf of the Norwich Union Companies to the PA at her address set out in this Agreement.
- 15.2 This Agreement is personal to the PA. Accordingly, the PA shall not assign or transfer any of her rights under this Agreement whether in whole or in part.

16. AMENDMENT

- 16.1 This Agreement may be amended as agreed in writing by the Parties, and (in relation to an amendment of Clause 11), by Aviva on its own behalf and on behalf of its subsidiary undertakings, provided that any material amendment shall be subject to the prior approval of the FSA.

17. GOVERNING LAW

This Agreement and all matters arising from or connected with it are governed by English law.

18. COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which when executed and delivered is an original and all of which together evidence the same agreement.

Signed by [])
for and on behalf of:)
CGNU LIFE ASSURANCE LIMITED)

Signed by [])
for and on behalf of:)
COMMERCIAL UNION LIFE)
ASSURANCE COMPANY LIMITED)

Signed by [])
for and on behalf of:)
NORWICH UNION LIFE &)
PENSIONS LIMITED)

Signed by [])
for and on behalf of:)
NORWICH UNION LIFE)
HOLDINGS LIMITED)

Signed by
CLARE MARY JOAN SPOTTISWOODE)