

September 2007

Dear Policyholder

I am Clare Spottiswoode and I wrote to you in December 2006 to tell you that I had been appointed as your Policyholder Advocate, representing your interests in Norwich Union's proposed reattribution and transfer of two of its with-profits funds – CGNU Life Assurance Company Limited and Commercial Union Life Assurance Company Limited (CULAC).

I am writing to you now to bring you up to date on my work since my appointment.

The leaflet gives more detail, as well as answers to the most frequently asked questions.

### Hearing Your Views

I want to thank everyone who has taken part in the consultation and remind you that I am still very keen to hear your views. Please write to me or use the free phone service or website to leave a message.

Part of our consultation process was an on-line and telephone survey. The results are outlined in the leaflet and you can find the full detail on our website. We took some votes at our roadshows and these are included on the website as well.

I was delighted to meet policyholders in person at our six roadshows, answer your questions and hear your comments. We filmed our London event and this is available on DVD. Please call us and we will send you one.

### The next steps

Supported by my team of legal, actuarial and economic experts, I am now in negotiation with Norwich Union. The central part of this is how much money represents a fair amount for giving up your rights to possible 90 per cent distributions of surplus funds from the inherited estates. I am working hard to achieve an agreement that I can recommend to you so that you will have a choice about what to do. I believe that a worthwhile offer will emerge, but I cannot guarantee it. Nonetheless, I am optimistic about our chances of success.

When we began this process in November last year we had hoped that it might be possible for us to finish the negotiations so that, if we are successful, payments could have been made from early in 2008. Unfortunately the scale of the work necessary to properly represent your interests means that we cannot meet that timetable. I understand that this will be disappointing to policyholders and am keenly aware that some policyholders are waiting for the results of the negotiations before making financial decisions. The plain fact is that this is the first time that a company and Policyholder Advocate have tried to negotiate about such a complicated matter and it is taking longer than any of us would wish.

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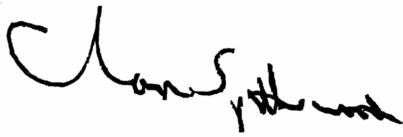
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Both Norwich Union and I are committed to doing all we can to finish our negotiations in good time. I would like to assure you that we have made significant progress in identifying all the issues and discussing them with Norwich Union. There is still a lot to do, however. We will give a further update on progress before the end of the year.

At the moment there is nothing for you to do but please look at the leaflet as it will help explain in a little more detail what is being done on your behalf as well as answering some of the most often asked questions.

I look forward to writing to you again. In the meantime please do keep sending me your comments and questions and if you have internet access, register for our occasional email updates.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Clare Spottiswoode', written in a cursive style.

Clare Spottiswoode CBE  
Policyholder Advocate