

Notice of the Annual General Meeting



This document is important and requires your immediate attention.

If you have any doubts about what action you need to take, you should contact your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised pursuant to the Financial Services and Markets Act 2000 immediately.

If you have sold or transferred all of your holding of ordinary shares you should pass this booklet and the accompanying documents to the person through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

To CGNU plc ordinary shareholders, CGNU Share Account ("Share Account") members and participants in CGNU Group's profit sharing schemes.

Dear Shareholder,

I am pleased to enclose the Company's 2001 Annual Review. If you have elected to receive the full Report and Accounts, or if you are a new shareholder, a copy of that document is also enclosed.

Annual General Meeting

The Notice convening this year's annual general meeting of the Company, which will commence at 11am on Tuesday 23 April 2002 in The Barbican Centre, Silk Street, London EC2Y 8DS, is contained on pages 3 to 5 of this document. Explanatory notes relating to the business to be proposed at the meeting are set out on pages 6 to 8. The formal business of the meeting will be preceded by a short presentation from the Group Chief Executive.

Action

If you are unable to attend the meeting and wish to register proxy votes in relation to the resolutions proposed you should complete the relevant voting form.

- For ordinary shareholders – a Form of Proxy is enclosed.
- For share account members – a Voting Instruction Form, which also incorporates your annual statement of shareholding, is enclosed.
- For members of the Group's profit sharing schemes – a Form of Direction is enclosed.

The forms must be returned to Lloyds TSB Registrars to be received by no later than 11am on 21 April 2002. For those shareholders who prefer not to use the return card on the reverse of the form(s) a reply-paid envelope is enclosed.

Last year CGNU was amongst the first companies to take advantage of new legislation allowing shareholders to register proxy votes online via the internet and many shareholders used this facility. The online voting procedure is detailed in the explanatory notes on the Form of Proxy, Voting Instruction Form and Form of Direction.

Recommendation

The Board considers the proposed resolutions to be in the best interests of the Company and its shareholders as a whole. Accordingly, your directors unanimously recommend that you vote in favour of the resolutions as they intend to do in respect of their own beneficial shareholdings.

Yours sincerely



Pehr G Gyllenhammar
Chairman

15 March 2002

CGNU plc

Registered in England No. 2468686. Registered Office: St Helen's, 1 Undershaft, London EC3P 3DQ

Notice of the Annual General Meeting

Notice is hereby given that the annual general meeting of CGNU plc will be held on Tuesday 23 April 2002 at 11am at The Barbican Centre, Silk Street, London EC2Y 8DS for the following purposes:

Ordinary Business

1 To receive and consider the Company's Report and Accounts for the year ended 31 December 2001.

2 To declare a final dividend on the ordinary shares of the Company for the year ended 31 December 2001.

To reappoint, through separate resolutions numbered 3 to 7, the directors who are retiring by rotation in accordance with the Company's Articles of Association:

3 Wim Dik (a non-executive director and a member of the Remuneration Committee).

4 Derek Stevens (a non-executive director and Chairman of the Audit Committee).

5 Philip Twyman (an executive director).

6 André Villeneuve (a non-executive director and a member of the Remuneration Committee).

7 Tony Wyand (an executive director).

8 To reappoint Ernst & Young LLP as auditor of the Company to hold office until the conclusion of the next annual general meeting.

9 To authorise the directors to determine the auditor's remuneration.

To consider and, if thought fit, pass the following resolution which will be proposed as an ordinary resolution:

10 That the authority conferred on the directors by article 5.04(A) of the Company's Articles of Association be renewed for the period expiring 15 months after the date of the passing of this resolution, or, if earlier, at the conclusion of the next annual general meeting of the Company after the date of the passing of this resolution and for that period the "section 80 amount" is £186 million.

To consider and, if thought fit, pass the following resolution which will be proposed as a special resolution:

11 That the power conferred on the directors by article 5.04(B) of the Company's Articles of Association be renewed for the period expiring 15 months after the date of the passing of this resolution, or, if earlier, at the conclusion of the next annual general meeting of the Company after the date of passing of this resolution and for that period the "section 89 amount" is £28 million.

Special Business

To consider and, if thought fit, pass the following resolutions which will be proposed as ordinary resolutions:

12 That the Remuneration Report contained within the Report and Accounts for the year ended 31 December 2001 be and is hereby approved.

13 That the limit on the aggregate amount of remuneration which may be paid by the Company to the directors for their services as set out in article 20.04 of the Company's Articles of Association be and is hereby increased from £750,000 to £1,000,000 per annum.

14 That the Company be generally and unconditionally authorised to make donations to EU political organisations and to incur EU political expenditure in an aggregate amount not exceeding £100,000 during the period expiring 15 months after the date of the passing of this resolution, or, if earlier, at the conclusion of the next annual general meeting unless previously renewed, varied or revoked by the Company in general meeting. For the purposes of this resolution, the expressions "donations", "EU political organisations" and "EU political expenditure" have the meanings set out in Part XA of the Companies Act 1985 (as amended by the Political Parties, Elections and Referendums Act 2000).

To consider and, if thought fit, pass the following resolutions which will be proposed as special resolutions:

15 To change the name of the Company to "AVIVA plc" with effect from such date as the directors shall resolve being not later than 31 October 2002.

16 That new articles of association in the form produced to the meeting and initialled by the Chairman for the purpose of identification be adopted in substitution for, and to the exclusion of, the Company's existing Articles of Association.

17 That the Company be generally and unconditionally authorised to make one or more market purchases (within the meaning of section 163(3) of the Companies Act 1985) of ordinary shares of 25p each in the capital of the Company (“ordinary shares”) provided that:

- a) the maximum aggregate number of ordinary shares authorised to be purchased is 225 million (representing less than 10% of the issued ordinary share capital);
- b) the minimum price which may be paid for an ordinary share is 25p;
- c) the maximum price which may be paid for an ordinary share is an amount equal to 105% of the average of the middle market quotations of an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that ordinary share is purchased; and
- d) this authority shall expire 15 months after the date of the passing of this resolution, or, if earlier, at the conclusion of the next annual general meeting of the Company after the date of the passing of this resolution save that the Company may make a contract to purchase ordinary shares under this authority before the expiry of the authority which will or may be executed wholly or partly after the expiry of the authority, and may make a purchase of ordinary shares in pursuance of any such contract.

18 That the Company be generally and unconditionally authorised to make one or more market purchases (within the meaning of section 163(3) of the Companies Act 1985) of 8¼% cumulative irredeemable preference shares of £1 each in the Company (“8¼% preference shares”) provided that:

- a) the maximum aggregate number of 8¼% preference shares authorised to be purchased is 100 million;
- b) the minimum price which may be paid for an 8¼% preference share is 25p;
- c) the maximum price which may be paid for an 8¼% preference share is an amount equal to 105% of the average of the middle market quotations of an 8¼% preference share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that 8¼% preference share is purchased; and
- d) this authority shall expire 15 months after the date of the passing of this resolution, or, if earlier, at the conclusion of the next annual general meeting of the Company after the date of the passing of this resolution save that the Company may make a contract to purchase 8¼% preference shares under this authority before the expiry of the authority which will or may be executed wholly or partly after the expiry of the authority, and may make a purchase of 8¼% preference shares in pursuance of any such contract.

19 That the Company be generally and unconditionally authorised to make one or more market purchases (within the meaning of section 163(3) of the Companies Act 1985) of 8% cumulative irredeemable preference shares of £1 each in the Company (“8% preference shares”) provided that:

- a) the maximum aggregate number of 8% preference shares authorised to be purchased is 100 million;
- b) the minimum price which may be paid for an 8% preference share is 25p;
- c) the maximum price which may be paid for an 8% preference share is an amount equal to 105% of the average of the middle market quotations of an 8% preference share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that 8% preference share is purchased; and
- d) this authority shall expire 15 months after the date of the passing of this resolution, or, if earlier, at the conclusion of the next annual general meeting of the Company after the date of the passing of this resolution save that the Company may make a contract to purchase 8% preference shares under this authority before the expiry of the authority which will or may be executed wholly or partly after the expiry of the authority, and may make a purchase of 8% preference shares in pursuance of any such contract.

By order of the Board

R A Whitaker
Group Company Secretary

15 March 2002

St Helen's, 1 Undershaft, London EC3P 3DQ

Notes

- 1 Shareholders entitled to attend and vote at the meeting may appoint one or more proxies to attend and, on a poll, vote in their place. A proxy need not be a shareholder of the Company. Share Account members may instruct CGNU Share Account Limited to vote on their behalf on any poll taken at the meeting.
- 2 Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders registered in the relevant register of members of the Company as at 6pm on 21 April 2002 shall be entitled to attend or vote at the aforesaid meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of members after 6pm on 21 April 2002 shall be disregarded in determining the rights of any person to attend or vote at the meeting.
- 3 Copies of the executive directors' service contracts, and the Register of Directors' Interests in the loan and share capital of the Company, will be available for inspection at the registered office of the Company during usual business hours and at the place of the annual general meeting from 10.45am until the close of the meeting.
- 4 A copy of the Company's existing Articles of Association and a copy marked to show the differences between those and the new articles of association proposed pursuant to resolution 16, will be available for inspection up to the time of the meeting at the registered office of the Company during usual business hours and at the place of the annual general meeting from 10.45am until the close of the meeting.

Explanatory Notes

Reappointment of Directors – (Resolutions 3–7)

Resolutions 3 to 7 propose the reappointment of five directors who are retiring by rotation in accordance with the Company's Articles of Association. Biographical details of these directors are outlined below:

Wim Dik (63) was appointed to the Board in 1999, having served as a Chairman of Nuts Ohra, a Dutch insurer acquired by the Group in 1999. A former Chairman of Nederlandse Unilever Bedrijven BV and former Chairman and Chief Executive Officer of KPN, Royal Dutch Telecom, he is currently a member of the Supervisory Board of ABN AMRO Bank and TNT Post Group, an advisory member of the Boards of Unilever, a non-executive director of CMG plc and professor of ICT management at Delft University. Professor Dik is a member of the Remuneration Committee.

Derek Stevens (63) was appointed to the Board in 1995. A former director and Chief Financial Officer of British Airways Plc and a former Finance Director of TSB Group plc, he is currently Chairman of the Trustees of the British Airways Pension Scheme. Mr Stevens is Chairman of the Audit Committee and of the CGNU Staff Pension Scheme.

Philip Twyman FIA (57) was appointed to the Board in 1998 having joined the Board of General Accident in 1996 as executive director responsible for finance, life and investment operations. He is currently an executive director with responsibility for the Group's international and fund management operations. Mr Twyman has a service contract with the Company which terminates upon him reaching his normal retirement age of 60 or if the Company serves him with 24 months' notice. At the date of the annual general meeting, Mr Twyman will be within 23 months of his normal retirement date.

André Villeneuve (57) was appointed to the Board in 1996. He is Chairman of Instinet Corporation, a non-executive director of United Technologies Corporation and a former executive director of Reuters plc. Mr Villeneuve is a member of the Remuneration Committee.

Tony Wyand (58) was appointed to the Board in 1987. He joined Commercial Union in 1971 and worked for the Group in the UK, the United States and France. He is currently responsible for the Group's operations in continental Europe and Ireland and is a non-executive director of Société Générale, UniCredito Italiano and Grosvenor Group Holdings Limited. Mr Wyand has a service contract with the Company which terminates upon him reaching his normal retirement age of 60 or if the Company serves him with 24 months' notice. At the date of the annual general meeting, Mr Wyand will be within 19 months of his normal retirement date.

Reappointment of Auditor – (Resolution 8)

At the Company's annual general meeting held on 24 April 2001, Ernst & Young was appointed as sole auditor to the Company. PricewaterhouseCoopers, which had previously been joint auditors, did not seek reappointment at that meeting.

On 28 June 2001, Ernst & Young transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001.

In accordance with section 384 of the Companies Act 1985, a resolution is to be proposed at the annual general meeting for the reappointment of Ernst & Young LLP as auditor of the Company.

Authority to Allot Shares – (Resolution 10)

The authority conferred on the directors at last year's annual general meeting to allot the authorised but unissued share capital of the Company expires on the date of the forthcoming annual general meeting. The Board recommends that this authority be renewed and Resolution 10, which will be proposed as an ordinary resolution will, if passed, authorise the directors to allot the Company's unissued shares up to a maximum nominal amount of £186 million, which represents the amount of the Company's authorised but unissued ordinary share capital as at 26 February 2002. This authority will expire no later than 15 months after the date of the annual general meeting.

Other than in relation to the employee share plans operated by the Group, the directors have no present intention of exercising this authority.

In the event that Resolution 16 is passed and new articles of association are adopted by the Company, the authority sought under Resolution 10 will be replaced by an authority in the same terms contained in the new articles of association.

Disapplication of Pre-Emption Rights – (Resolution 11)

This resolution, which will be proposed as a special resolution, seeks to renew the authority conferred on the directors at last year's annual general meeting to issue equity securities of the Company for cash without application of the pre-emption rights provided by section 89 of the Companies Act 1985. Other than in connection with a rights, or scrip dividend, or other similar issue, the authority contained in this resolution will be limited to an aggregate nominal value of £28 million which represents less than 5% of the issued ordinary share capital of the Company as at 26 February 2002. This authority will expire no later than 15 months after the date of the annual general meeting.

In accordance with the guidelines issued by the Investment Committees of the Association of British Insurers and the National Association of Pension Funds Limited, the Board confirms its intention that no more than 7.5% of the issued share capital will be issued for cash on a non pre-emptive basis during any rolling three year period. The directors have no present intention of exercising this authority.

In the event that Resolution 16 is passed and new articles of association are adopted by the Company, the authority sought under Resolution 11 will be replaced by an authority in the same terms contained in the new articles of association.

Remuneration Report – (Resolution 12)

The Combined Code on Corporate Governance recommends that each year the Board should consider whether shareholders should be invited to approve the Board's remuneration policy at the annual general meeting. In accordance with current best practice, the Board has decided that it is appropriate for shareholders to be given an opportunity to approve the Remuneration Report which includes the remuneration policy at this year's annual general meeting. The Remuneration Report is set out on pages 37 to 42 of the full Report and Accounts and a summary is contained on page 14 of the Annual Review.

Directors' Fees – (Resolution 13)

Resolution 13 proposes that the Company exercises its power under article 20.04 of the Company's Articles of Association to increase the maximum aggregate amount of annual remuneration payable to the directors. The Board feels that this is necessary in order to provide the Company with flexibility concerning the appointment of additional non-executive directors when suitable candidates are identified. The directors have no present intention of using this additional flexibility to increase the fees paid to non-executive directors.

In the event that Resolution 16 is passed and new articles of association are adopted by the Company, the authority sought under Resolution 13 will be replaced by an authority in the same terms contained in the new articles of association.

Political Donations – (Resolution 14)

The Political Parties, Elections and Referendums Act 2000 which came into force on 16 February 2001 has amended the Companies Act 1985 (the "Act") and has imposed restrictions on companies making donations to EU political organisations or incurring EU political expenditure (as defined in the Act) without shareholders' consent. It is not the policy of the Company to make donations to political parties and the directors have no intention of changing that policy. However, as the definitions used in the Act are broad, it is possible that some normal business activities, which might not be thought to be political expenditure in the usual sense, could be caught. For example, activities such as communicating with Government and political parties at local, national and European level, expenditure on organisations concerned with policy review, law reform and representation of the business community and making provisions for employees to take time off work to campaign for and hold public office could fall within the definition of EU political expenditure. The Act covers not only the United Kingdom but also the entire European Union in which we have over 50,000 employees. The Board, therefore, considers that the authority sought under Resolution 14 to make donations and/or incur this type of expenditure is necessary to avoid inadvertent infringement of the Act. Resolution 14 seeks authority for the Company to incur total EU political expenditure of £100,000 in the forthcoming year. This authority will not be used to make political donations as they are normally understood, including contributions towards any general political party expenses and expenses in connection with general election or referenda campaigns.

Change of Name – (Resolution 15)

Following the completion of the merger, the Board believes that there is a significant opportunity to redefine the Group in the international financial services market place through the introduction of a new global brand. At the time of the merger, the Group operated more than 50 different trading names around the world. A review concluded that neither CGNU nor any of its trading names would be appropriate as a world-wide brand. Therefore, the Board proposes to change the name of the Company to AVIVA plc. A small number of the Group's stronger existing local brands, such as Norwich Union in the UK, will be retained and, where appropriate, will be more closely linked with the Group through the endorsement "an AVIVA company". Most other businesses, over time, will be rebranded AVIVA.

The Board believes that the introduction of the AVIVA brand will create opportunities to harness the benefits of the Group's size and international capabilities and will be funded largely through a redirection of normal marketing spend.

It is the Board's intention to change the name of the Company as soon as reasonably possible following shareholders' approval taking into account the necessary practical arrangements.

Articles of Association – (Resolution 16)

The Companies Act 1985 (Electronic Communications) Order 2000 (the “Order”) made it possible for companies to offer shareholders a greater choice of methods of communication with the Company and provided them with an opportunity to receive certain communications electronically or via publication on the Company’s website. The Company made use of these provisions last year and, in accordance with recommended practice, it is now proposed that the Company adopt new articles of association to reflect the provisions of the Order.

The proposed new articles of association include the following significant changes:

- 1 a provision to allow the Board to accept forms of proxy received in an electronic communication where an address for receiving such electronic communications has been specified by the Company;
- 2 a provision to permit shareholders to notify the Company of an address for the electronic communication of notices;
- 3 a new article 30.03 to allow the annual report and accounts and financial statements of the Company to be delivered to shareholders by electronic communication or by publication on a website. The shareholder and the Company must agree to the shareholder accessing such documents on a website and the shareholder must be notified of the publication, the address of the website, the place on the website where the documents may be accessed and how the documents may be accessed; and
- 4 a new article 32.02 to allow a notice of general meeting to be given to shareholders by publication on a website. The shareholder and the Company must agree to the shareholder accessing notices of general meeting in this way and the shareholder must be notified of the publication, the address of the website, the place on the website where the documents may be accessed, details of how the documents may be accessed and certain specific information concerning the general meeting. The notice of general meeting must continue to be published on the website from the date of notification to the conclusion of the meeting to which the notice relates.

In addition, the proposed new articles of association incorporate some miscellaneous changes which update current practice including changes to reflect the UK Listing Authority being transferred from the London Stock Exchange to the Financial Services Authority and amendments made to the Listing Rules of the UK Listing Authority.

A copy of the Company’s existing Articles of Association and a copy marked to show the differences between those and the proposed new articles of association are available for inspection up to the time of the meeting at the registered office of the Company during usual business hours. Copies will also be available at the place of the annual general meeting from 10.45am until the close of the meeting.

Authority to Purchase Ordinary Shares – (Resolution 17)

This resolution, which will be proposed as a special resolution, renews the authority granted at last year’s annual general meeting, which expires on the date of the forthcoming annual general meeting, and gives the Company authority to buy back its own ordinary shares in the market as permitted by the Companies Act 1985. The authority limits the number of shares that could be purchased to a maximum of 225 million (representing less than 10% of the issued share capital of the Company as at 26 February 2002) and sets minimum and maximum prices. This authority will expire no later than 15 months after the date of the annual general meeting.

The directors have no present intention of exercising the authority to purchase the Company’s ordinary shares but will keep the matter under review, taking into account other investment opportunities. The authority will be exercised only if the directors believe that to do so would result in an increase in earnings per share and would be in the interests of shareholders generally.

Any purchases of ordinary shares would be by means of market purchases through the London Stock Exchange. All shares so purchased would be cancelled so that the effect would be to reduce the number of ordinary shares in issue.

As at 26 February 2002, there were options over 25 million ordinary shares in the capital of the Company which represent 1.12% of the Company’s issued ordinary share capital. If the authority to purchase the Company’s ordinary shares was exercised in full, these options would represent 1.25% of the Company’s issued ordinary share capital.

Authority to Purchase Preference Shares – (Resolutions 18 and 19)

Resolutions 18 and 19, which will be proposed as special resolutions, renew the authorities granted at last year’s annual general meeting and give the Company authority to buy its own preference shares in the market as permitted by the Companies Act 1985 and in accordance with the rights attaching to those shares which allow their repurchase on such terms as the directors may determine. These authorities which limit the number of preference shares that may be purchased and set minimum and maximum prices, will expire no later than 15 months after the date of the annual general meeting.

The purpose of these resolutions is to provide the Company with flexibility in managing its capital effectively. The directors have no present intention of exercising these authorities to purchase the Company’s preference shares but will keep the matter under review, taking into account other investment opportunities and opportunities to replace the preference share capital with more cost effective forms of finance should the opportunity arise. These authorities will be exercised only if the directors believe that to do so would result in an increase in earnings per share and would be in the interests of shareholders generally.

Any purchases of the preference shares would be by means of market purchases through the London Stock Exchange. Following any such purchase the preference shares so purchased would be cancelled and the nominal authorised capital of such preference shares would be divided into, and reclassified as, ordinary shares of 25p each in the capital of the Company.