

Recommended Acquisition of Friends Life Group

2nd December 2014

Legal Disclaimer



NOT FOR RELEASE, PRESENTATION, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF SUCH JURISDICTION.

This presentation (other than slides 21-28) has been prepared by Aviva plc ("Aviva") in connection with the proposed recommended all-share offer for Friends Life Group Limited ("Friends Life") (the "Proposed Transaction"). Slides 21-28 of this presentation have been prepared by Friends Life in connection with the Proposed Transaction. The information set out in this presentation is not intended to form the basis of any contract. By attending (whether in person or by telephone) this presentation, or by reading the presentation slides, you agree to the conditions set out below.

This presentation is not intended to, and does not, constitute, represent or form part of any offer, invitation or solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval in any jurisdiction whether pursuant to this announcement or otherwise. No shares are being offered to the public by means of this presentation. You should conduct your own independent analysis of Aviva, Friends Life and the Proposed Transaction, including consulting your own independent legal, business, tax, financial or other advisers in order to make an independent determination of the suitability, merits and consequences of the Proposed Transaction. The release, presentation, publication or distribution of this presentation in jurisdictions other than the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, any applicable requirements. Any failure to comply with applicable requirements may constitute a violation of the laws and/or regulations of any such jurisdiction.

None of Aviva, Friends Life, J.P. Morgan Limited, Morgan Stanley & Co. International plc, Robey Warshaw LLP, Goldman Sachs International, Barclays Bank PLC and RBC Europe Limited, their respective shareholders, holding companies, subsidiaries, affiliates, associated undertakings or controlling persons, nor any of their respective directors, officers, partners, employees, agents, representatives, advisers or legal advisers (together, the "Relevant Parties") makes any representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this presentation or otherwise made available nor as to the reasonableness of any assumption contained herein or therein, and any liability therefore (including in respect of direct, indirect or consequential loss or damage) is expressly disclaimed. Nothing contained herein or therein is, or shall be relied upon as, a promise or representation, whether as to the past or the future and no reliance, in whole or in part, should be placed on the fairness, accuracy, completeness or correctness of the information contained. Further, nothing in this presentation should be construed as constituting legal, business, tax or financial advice. None of the Relevant Parties has independently verified, approved or endorsed the material in this presentation.

This presentation contains statements about Aviva and Friends Life that are or may be forward-looking statements. Many factors could cause actual results to differ materially from those projected or implied in any forward-looking statements, as by their nature forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. Such factors include, but are not limited to, the possibility that the Proposed Transaction will not proceed (on a timely basis or at all), general business and economic conditions globally, industry trends, competition, changes in government and other regulation (including changes to capital regulation under Solvency II), changes in political and economic stability, disruptions in business operations due to reorganisation activities (whether or not Aviva combines with Friends Life), interest rate and currency fluctuations, the inability of the enlarged group post-transaction (the "Enlarged Aviva Group") to integrate successfully or to realise successfully any anticipated synergy benefits when the Proposed Transaction is implemented, the Enlarged Aviva Group incurring and/or experiencing unanticipated costs and/or delays or difficulties relating to the Proposed Transaction when the Proposed Transaction is implemented and the risk factors set forth in the documents filed with or furnished to the US Securities and Exchange Commission by Aviva including Aviva's most recently filed Annual Report on Form 20-F and subsequent reports on Form 6-K. Among other things this presentation may contain forward-looking statements regarding the Proposed Transaction, including statements about the benefits of the proposed combination, expected future earnings, revenues and cost savings and other such items, based on plans, estimates and projections. Statements of estimated cost savings and synergies relate to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. As a result, the cost savings and synergies referred to may not be achieved, may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated.

Due to such uncertainties and risks, readers are cautioned not to place undue reliance on any forward-looking statements in this presentation, which speak only as of the date of this presentation. Aviva and Friends Life disclaim any obligation to update any forward-looking or other statements contained in this presentation whether as a result of new information, future events or otherwise, except as required by applicable law or regulation.

For the purposes of Rule 28 of the City Code on Takeovers and Mergers, any "quantified financial benefits statement" or any statement on synergies contained in this presentation and/or made in relation thereto is the responsibility of Aviva and its directors. Neither Friends Life nor its directors will be responsible for any "quantified financial benefits statement", any statement on synergies or any information set out in this presentation relating to Aviva or the Enlarged Aviva Group. The basis of belief, principal assumptions and sources of information in respect of any "quantified financial benefits statement" is set out in the Rule 2.7 announcement published in connection with the Proposed Transaction.

This presentation should be read in conjunction with the scheme document to be published by Friends Life and the prospectus and shareholder circular to be published by Aviva, (the "Public Documents") in connection with the Proposed Transaction, which will be available in due course at www.aviva.com and www.friendslifegroup.com. Any decision taken in relation to Aviva, Friends Life and/or the Proposed Transaction should only be taken by reference to the information set out in (or otherwise incorporated by reference into) the Public Documents.

No statement in this presentation is intended as a profit forecast or estimate for any period and no statement in this presentation should be interpreted to mean that earnings or earnings per share for Aviva or Friends Life or the Enlarged Aviva Group post-transaction, as appropriate, for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for Aviva or Friends Life, as appropriate.

New Aviva shares issued pursuant to the Proposed Transaction have not been and will not be registered under the US Securities Act of 1933 (the "US Securities Act"), or under the securities laws of any state, district or other jurisdiction of the United States. It is expected that the New Aviva Shares will be issued in reliance upon the exemption from such registration provided by Section 3(a)(10) of the US Securities Act. Under applicable US securities laws, persons (whether or not US persons) who are or will be "affiliates" (within the meaning of the US Securities Act) of Aviva and/or Friends Life prior to, or of Aviva after, the acquisition becoming effective will be subject to certain transfer restrictions relating to the New Aviva shares received in connection with the Proposed Transaction.

Transaction Overview

Mark Wilson

Group Chief Executive Officer

Transaction Overview

Mark Wilson

Financial Impacts

Tom Stoddard

Friends Life opportunity

Andy Briggs

Conclusions

Mark Wilson

Q&A

Transaction Rationale – Financial and strategic

Financial



- **c.£0.6bn** incremental cash flow.
£1.15 billion¹ additional holding company liquidity



- Leverage consistent with **S&P AA rating** – no further need to de-lever



- **£225 million** of run rate synergies per annum expected by end of 2017



- **30% increase** in Aviva final dividend.
Move to c.2x operating EPS² cover over the medium term

Strategic



- Secures leading insurance and savings position in our home market



- Brings c.**5 million** Friends Life customers to Aviva, accelerating our digital and true customer composite strategies



- Adds significant scale and expertise to our **back book** initiative



- Adds up to c.**£70 billion** of funds for Aviva Investors



- Enables investment in **our growth businesses**

1. Friends Life Available Shareholder Assets as at 30 September 2014 adjusted for Lombard disposal proceeds net of share buyback conducted to date.
2. Operating EPS on an IFRS basis

Recommended Acquisition of Friends Life Group

Key Terms	<ul style="list-style-type: none"> • 0.74 new Aviva shares for each Friends Life share valuing Friends Life at £5.6bn / 394p per share¹ • Terms reflect requirement for Friends Life Group to buyout “Value Share” for approximately £220m and proposed 24.1p per share second interim dividend (see below) • Existing Friends Life shareholders to own c.26% of the enlarged Aviva Group
Valuation	<ul style="list-style-type: none"> • 1.0 x 1H2014 MCEV² • 27% premium to Friends Life 3 month average share price before incorporation of additional value from the second interim dividend^{3,6}
Synergies	<ul style="list-style-type: none"> • £225m of annual run rate synergies by 2017, valued at approximately £1.8bn⁴ • Plus significant incremental revenue and capital synergy benefits expected over time
Dividends – Aviva	<ul style="list-style-type: none"> • FY2014 total DPS of 18.1p (final +30%) • Intention to move dividend cover to c.2x operating EPS⁵ over the medium term
Dividends – Friends Life	<ul style="list-style-type: none"> • Proposed second interim dividend payment in respect of the 2014 financial year of 24.1p per share, conditional on completion⁶ • No entitlement to Aviva final dividend
Management	<ul style="list-style-type: none"> • Sir Malcolm Williamson to join Aviva Board as Senior Independent Director • Andy Briggs CEO of UK Life and joins Aviva Board as Executive Director • Nick Amin Director of Transformation & Integration • Jonathan Moss Director of UK Heritage / Back Book

Transaction accelerates strategic and financial ambition
Compelling opportunity to create value for both sets of shareholders

Notes

1. Based on share prices as of 20th November 2014, the last day prior to talks between Aviva and Friends Life being made public
2. Friends Life 1H 2014 MCEV adjusted for the up-front Lombard sale proceeds and share buy-back
3. Three month average share price before 20th November 2014

4. The estimated net present value of synergy benefits
5. Operating EPS on an IFRS basis
6. 10 p increase on the final 2013 dividend which is conditional on deal completion. In the event that the proposed acquisition does not complete, Friends Life expects that its 2014 final dividend would be in line with its 2013 final dividend

Complementary Businesses

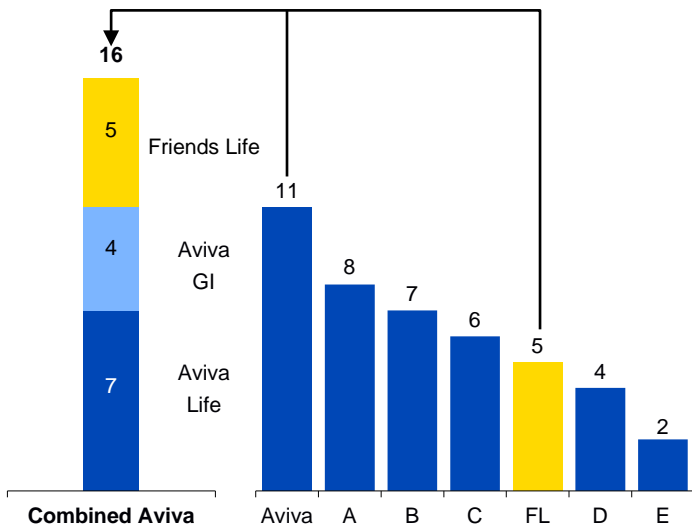
	Aviva	Friends Life	Combined
Brand	✓	—	✓
Broad Product Range	✓	—	✓
Geographic Diversity / Scale	✓	—	✓
Asset Management	✓	—	✓
Excess Cash Flow	—	✓	✓
Corporate Pensions Leadership	—	✓	✓
Balance Sheet Leverage	—	✓	✓
Proven Back Book Management Expertise	—	✓	✓

Complementary strengths –
a stronger, more diversified and resilient business better positioned to increase cash flows

Secures Pre-eminent Position in Home Market

Largest Customer Franchise in the UK

UK Customers² (m)



Source: Company reports, company websites, news releases

True customer composite, digital first model



- 16 million UK customers¹
- Access to 1 in 4 households
- Substantial opportunity to improve cross sell through true customer composite and digital first strategies

Enhanced opportunity for our true customer composite and digital first strategies

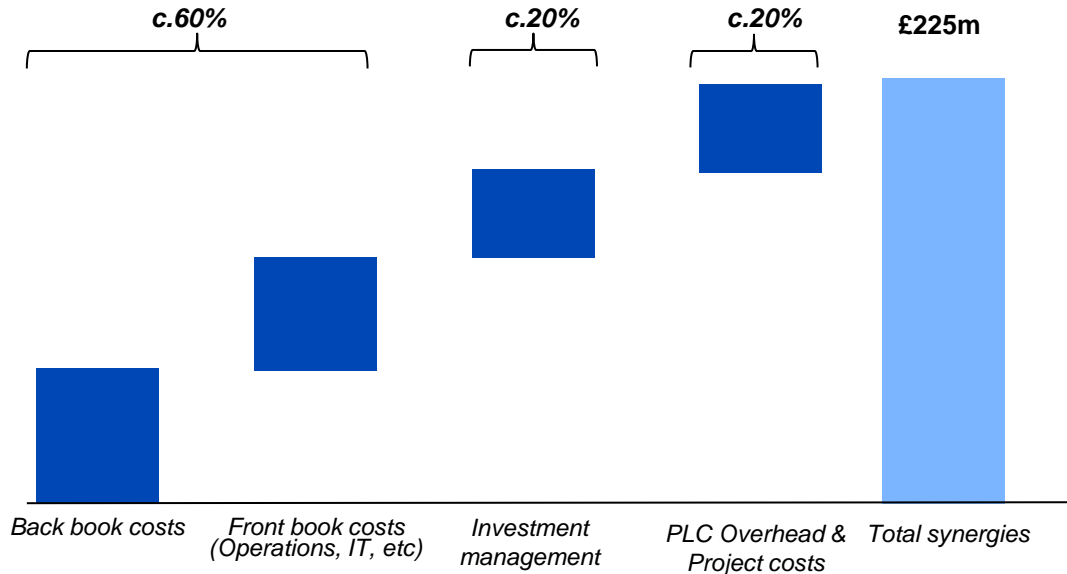
Note

1. As at 31 December 2013

2 These figures are prior to deduction of any overlap in customer base

Substantial Value from Synergies

Cost Synergy Breakdown



Source of expected synergies:

- **Life company**

Best of both approach

- Corporate pensions on Friends Life's platform
- Utilise respective strengths in protection
- Annuities on Aviva's platform

- **Investment management**

- In source non-customer directed asset management

- **Project and corporate costs**

- Rationalise group functions
- Reduce project spend

Benefit of full run rate synergies by end of 2017

Expected integration costs of £350m

£225m¹ of expected synergy benefits

Significant incremental revenue and capital synergy benefits expected over time

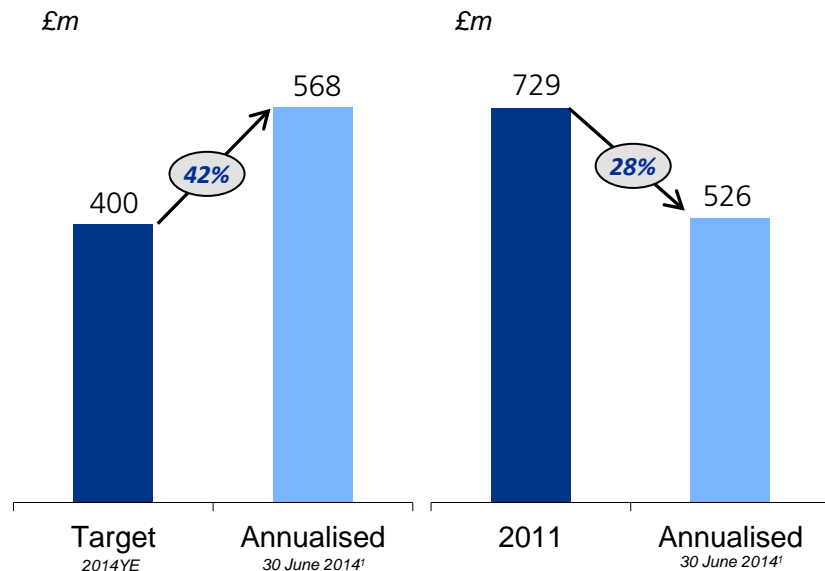
Note

1. Benefit of full run rate synergies by end of 2017

Substantial Value from Synergies: Proven Expertise

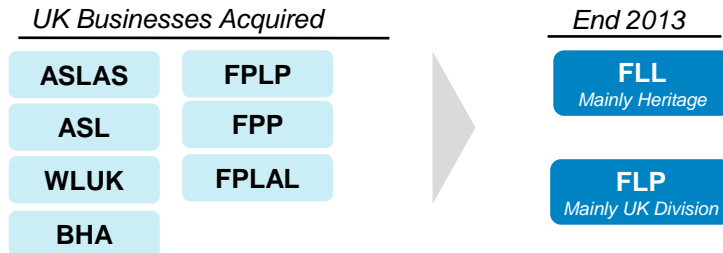
Aviva Track Record in Reducing Costs

Group: Cost Reduction Target **UK Life: Expense Base Reduction**

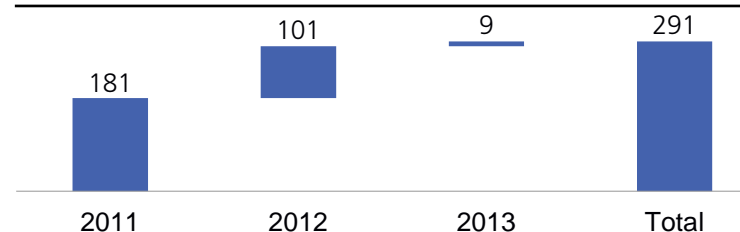


Friends Life Proven Integration Expertise

Capital Synergy Realisation



Free Surplus Released (£m)²

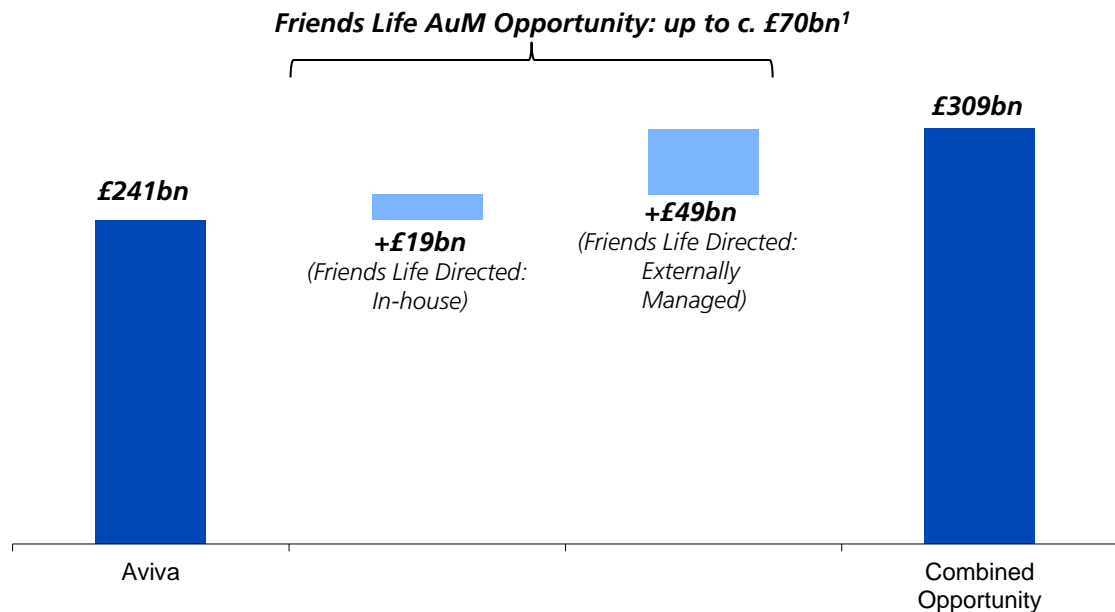


Experienced management teams to maximise value from combination

Asset Management – significant scale and earnings accretion

Up to 29% Increase in AuM Over Time

2013



Increase in scale / AuM

- Total Friends Life assets under administration of c.£100bn
- AuM opportunity of up to c.£70bn – c.29% increase over time¹

Additional Profits

- Estimated c.£40m profit contribution from insourcing asset management

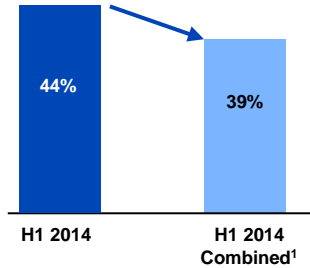
Opportunity to accelerate Aviva Investors' strategy

Note

1. £309bn / 29% increase includes c.£70bn of non-customer directed funds for which the asset manager is pre-selected. Excludes £33bn of customer directed funds, which give customers the choice to choose their asset manager

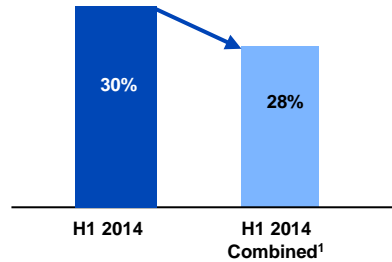
Accelerates Financial Transformation, Creating Platform for Growth

Leverage (TNAV)



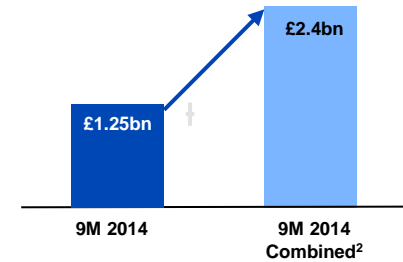
No need to de-lever further

Leverage (S&P)



Consistent with AA rating

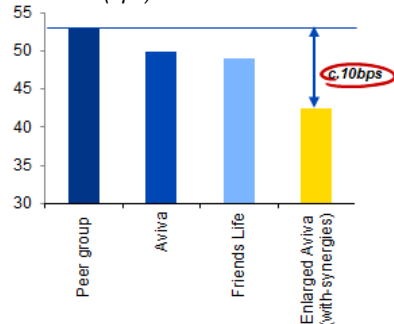
Central liquidity



Strengthened holding company liquidity

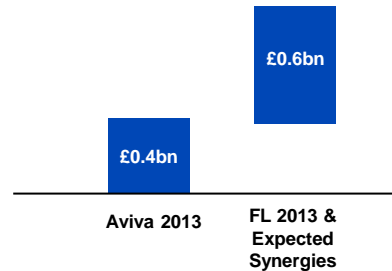
Efficiency³

UK Life Cost / AuA (bps)



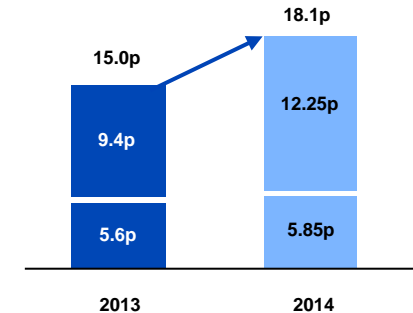
Scale to achieve improved efficiency

Cash flow



Increase quantum and resilience of cash flow

Dividend



30% increase in final 2014 dividend

Notes

- Both the TNAV and S&P leverage ratios are calculated using estimated combined HY14 information, with the inclusion of an estimated AVIF number and are adjusted for the sale of Lombard. The definition for the TNAV leverage ratio has been adjusted to deduct only goodwill from "tangible capital"
- Combined liquidity is calculated as reported on 9M2014 central liquidity of Aviva plus Friends Life Available Shareholder Assets as at 30 September 2014 adjusted for Lombard disposal proceeds net of share buyback conducted to date.
- Peer group comprises Standard Life, Prudential, Legal & General and Aegon UK. Data as at December 2013, Aviva H12014. Standard Life AUA excludes UK institutional pensions business.

Financial Impact

Tom Stoddard

Group Chief Financial Officer

1 Improves return on capital in key UK businesses

- Underperforming UK Life cells prioritised for back book efficiency
- Substantial value creation from synergies
- Facilitates growth and reinvestment in higher returning products

2 Reduces risk and creates upside from capital management opportunities

- Complementary risk profile – diversification benefits
- Achieves leverage reduction target on completion
- Back book expertise and opportunities
- Solvency II optimisation

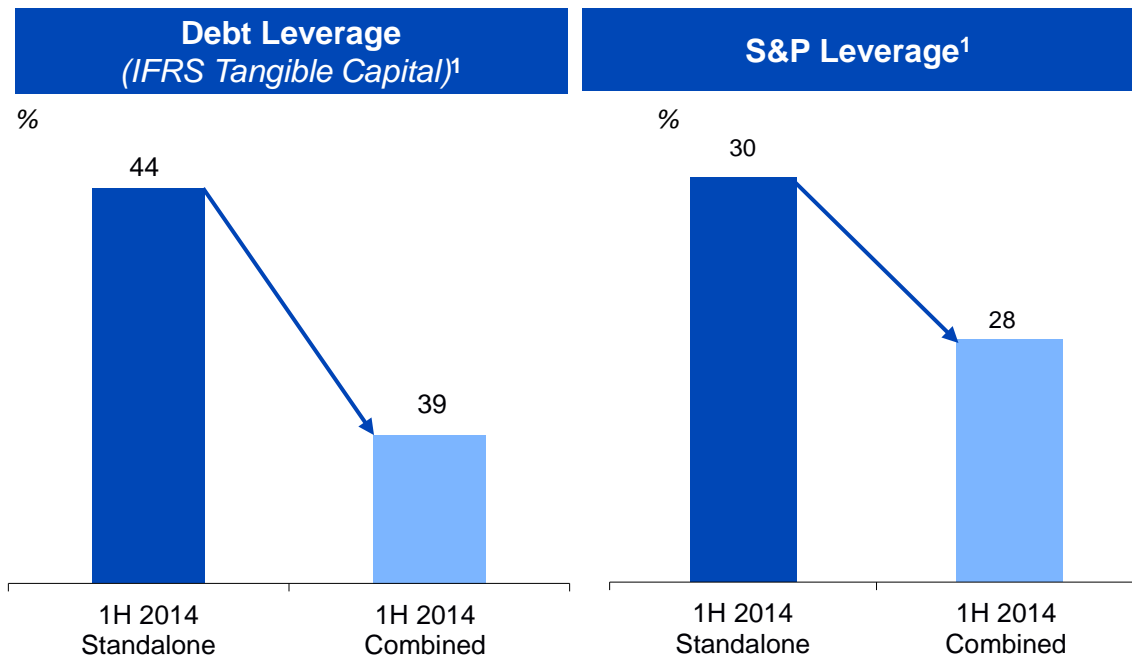
3 Increases cash flow & liquidity

- Stronger and more resilient cash flows
- Accretive to cash flow per share and cash flow coverage

4 Accelerates expected dividend growth

- Transformation delivering more today and tomorrow
- Intend to move dividend cover to c.2x operating EPS¹ over the medium term

Leverage Targets Achieved on Completion



- Pro forma leverage below targets on all key metrics
- Group focus on S&P leverage going forward
 - Consistent with AA rating
- No impact on existing plans to reduce internal loan to £2.2bn

No further requirement to de-lever

Note

1. Both the TNAV and S&P leverage ratios are calculated using estimated combined HY14 information, with the inclusion of an estimated AVIF number and are adjusted for the sale of Lombard. The definition for the TNAV leverage ratio has been adjusted to deduct only goodwill from "tangible capital"

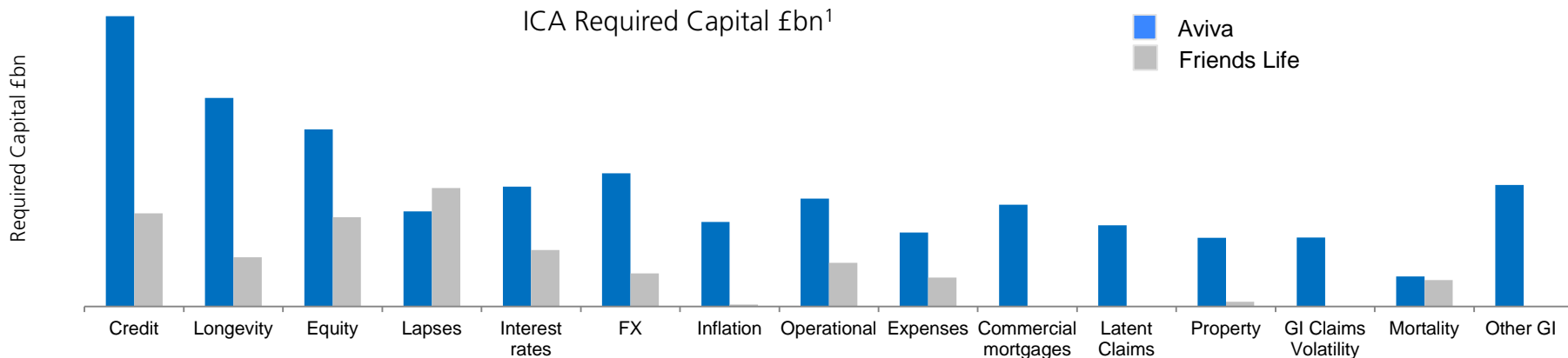
Stronger and More Resilient Capital and Liquidity Position

	Aviva (As per Aviva disclosure)	Friends Life (As per Friends Life disclosure)
Economic Capital Position¹ (1H2014)	Available	£18.0bn
	Required	£10.0bn
	Surplus	£4.0bn
	Ratio	180%
Economic Capital Sensitivity (1H2014)	Corporate bond spreads	£(0.9)bn for 100bps increase in corporate bond spreads
	Interest rates	£(0.2)bn for 200bps rise in interest rates across the yield curve
Central Liquidity² (9M2014)	Holding company liquidity	£1.15bn

Note

- The economic capital represents an estimated position. The economic capital requirement is based on each individual company's own internal assessment and capital management policies. The term 'economic capital' does not imply capital as required by regulators or other third parties.
- Combined liquidity is calculated as reported on 9M2014 central liquidity of Aviva plus Friends Life Available Shareholder Assets as at 30 September 2014 adjusted for Lombard disposal proceeds net of share buyback conducted to date.

Complementary Aviva and Friends Life risk profile



- Diversification benefits achieved from complementary risk profile
- Optimise Friends Life for Solvency II / Economic Capital
- Further capital enhancements from back book actions
- Potential use of Reinsurance mixer

Capital and liquidity further strengthened by balance sheet synergies over time

Transaction Accelerates Achievement of Financial Outcomes

Financial Outcomes	Capital Markets Day ¹ : Desired Outcomes			Transaction Impact
	Issue	Plan	Timing	
	1 Group operating expense ratio	Below 50%	YE 2016	✓ Significant synergy potential ✓ Reduces Combined Group operating expense ratio by c. 2pps ²
	2 Holdco excess cash flow	More than double annual run-rate to £0.8bn	YE 2016	✓ Adds c.£0.6bn with realisation of synergies by 2017 ✓ Incremental cash flow of c.55p per share on 1.1bn shares issued (including run rate synergies)
	3 Inter-company loan balance	£2.2 bn	YE 2015	— Unchanged, on track to reduce internal loan to £2.2bn by 2015
	4 External debt leverage³	Below 40% on TNAV basis and AA equivalent on S&P basis	Medium Term	✓ Combined leverage below medium term targets – no further requirement to de-lever ✓ Financial position consistent with S&P AA

Notes

1. July 2014

2. Based on annualised HY14 combined figures including the full run rate of the synergy benefit

3. Both the TNAV and S&P leverage ratios are calculated using estimated combined HY14 information, with the inclusion of an estimated AVIF number and are adjusted for the sale of Lombard. The definition for the TNAV leverage ratio has been adjusted to deduct only goodwill from "tangible capital"

Positive Financial Impacts

Key Performance Indicators	Full Year 2013		Expected Impact of Combination
	Aviva	Friends Life	
Excess Centre Cash flows ¹	£0.4bn	£0.3bn	Adds c.£0.6bn with realisation of synergies by 2017
Operating Earnings Per Share	42.6p	28.6p	Broadly neutral upon realisation of run rate synergies
Dividend Per Share	15.0p	21.1p	Accelerates dividend growth
Dividend Cover Ratio ²	2.8	1.4	Move to c.2 times cover over the medium term
Central Liquidity ³	£1.6bn	£0.9bn	Strengthened holding company liquidity
IFRS Net Asset Value Per Share ⁴	270p	370p	Accretive on day 1
MCEV Net Asset Value Per Share ⁴	463p	429p	Broadly neutral on day 1
S&P Credit Rating ⁵	A+ (stable)	A- (stable)	Friends Life placed on credit watch positive
Value of New Business ⁶	£909m	£179m	Higher and more geographically diversified

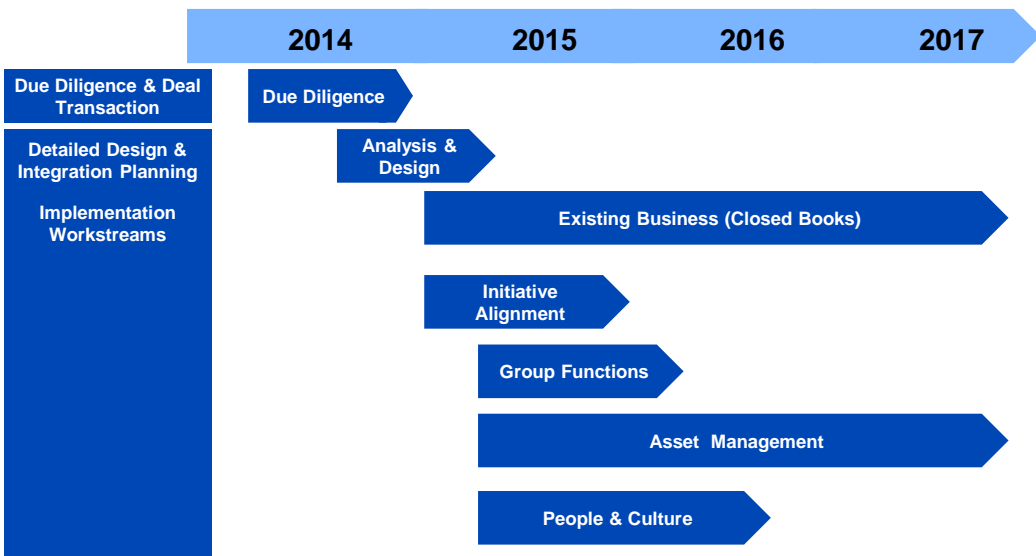
Notes

1. A measure of excess cash flow, calculated by deducting central operating expenses and debt financing costs from cash remitted by business units.
2. Dividend cover ratio is calculated as operating EPS on an IFRS basis / dividend per share
3. The Friends Life central liquidity figure is not adjusted for the sale proceeds of Lombard.

4. The IFRS & MCEV Net Asset Value figures are calculated using estimated combined FY13 balance sheets post transaction, with the inclusion of a proxy AVIF number and are adjusted for the sale of Lombard
5. S&P insurer Financial strength rating as at date of presentation
6. Aviva Value of New Business excludes Malaysia, Aseval, Evurovita and CXG

Integration Plan in Place

Preliminary Integration Plan



- Andy Briggs, CEO of UK Life
- Nick Amin, Director of Transformation & Integration
- Jonathan Moss, Director of UK Heritage / Back Book
- Confident on execution
 - No complex IT programme / migration as a result of this transaction
 - Detailed 90 day programme in place to deliver rapid core integration
 - Key integration risks identified and stress tested

Experienced team focussed on delivery of transaction benefits

Opportunity for Friends Life

Andy Briggs
Group Chief Executive
Friends Life

Compelling Financial and Strategic Rationale for Friends Life's Shareholders

Enhancing Value¹

Friends Life shareholders benefit from:



27% premium to Friends Life's 3 month average share price², plus



Proposed **second interim dividend of 24.1p**, an uplift of 10p³, plus



Value share crystallised and settled for c.£220m



Attractive **progressive dividend policy**

Accelerating Strategy



Cash generation

- ✓ Superior back book management
- ✓ Scale and cost advantage⁴



Growth opportunity

- ✓ Scale leadership positions across core UK Life growth markets
- ✓ Improved customer proposition

Combining strengths, creating a UK market leader

Note: Neither Friends Life nor its directors assume any responsibility for any information relating to Aviva or the Enlarged Aviva Group

Notes

1. A preliminary integration plan is in place. Finalisation of the integration plan will be subject to engagement with appropriate stakeholders, including employee representative bodies
2. 3 month average share price of 310p up to 20 November 2014, being the closing price of the last day prior to talks between Aviva and Friends Life being made public. Excludes the payment expected to be made to RCAP UK Limited in relation to the value share and Friends Life's 2014 second interim dividend
3. 10 p increase on the final 2013 dividend which is conditional on deal completion. In the event that the proposed acquisition does not complete, Friends Life expects that its 2014 final dividend would be in line with its 2013 final dividend
4. Statements on synergies and any "quantified financial benefits statement" are the sole responsibility of Aviva and its directors. Neither Friends Life nor its directors assume any responsibility for any such statements. See the legal disclaimer on slide 3 for further information

Attractive UK Life Opportunity

Cash flow	1	Back Book	Superior back book management	<ul style="list-style-type: none"> ✓ Market leading management team ✓ Friends Life's expertise enhances the ability to unlock value from Aviva's back book ✓ Potential capital synergies from combination and diversification benefits
	2	Costs	Scale and cost advantage	<ul style="list-style-type: none"> ✓ Significant scale advantage ✓ Substantial cost synergies¹ ✓ Strong, demonstrable track record in reducing costs
Growth	3	Market Leadership	Scale leadership positions across core UK Life growth markets	<ul style="list-style-type: none"> ✓ Complementary business models ✓ Scale leadership positions in chosen markets <ul style="list-style-type: none"> – Corporate Pensions (#1), Protection (#1) and Retirement Income (1 in 4 retiring DC savers)²
	4	Customer Opportunity	Improved customer proposition	<ul style="list-style-type: none"> ✓ True customer composite with broad product offering ✓ Digital first strategies – multi channel approach ✓ c.12m UK Life and 16m overall UK customers with increased cross-sell potential³

Clear strategy to deliver cash flow and growth

Note: Neither Friends Life nor its directors assume any responsibility for any information relating to Aviva or the Enlarged Aviva Group

Notes

1. Statements on synergies and any "quantified financial benefits statement" are the sole responsibility of Aviva and its directors. Neither Friends Life nor its directors assume any responsibility for any such statements. See the legal disclaimer on slide 3 for further information
2. Corporate Pensions ranking based on Spence Johnson analysis, November 2013. Protection ranking based on 9M14 APE obtained from ABI. 1 in 4 analysis based on company data and HMT report published September 2014
3. Company reports, company websites, news releases. These figures are prior to deduction of any overlap in customer base

1 Superior Back Book Management

Combined Proposition

- ✓ Market leading management team
- ✓ Proven track record in managing back books
- ✓ Increased size of back book with potential to achieve scale efficiencies
- ✓ Clear management focus

The Opportunity

- #1 *The largest back book in the UK¹*
-  *5 UK Life companies²*
-  *c.£70bn of Friends Life directed assets³*
-  *Large existing customer base*

Driving Improvement

Costs

- Process simplification
- Synergies

Capital

- Solvency 2 optimisation
- Diversification benefits (GI & International)
- Reinsurance optimisation

Revenue optimisation

- Asset migration
- Optimising return on shareholder assets

Increased cash flow and efficiency from combined back books

Note: Neither Friends Life nor its directors assume any responsibility for any information relating to Aviva or the Enlarged Aviva Group

Notes
1. Based on analysis of 2013 PRA returns of UK gross reserves. Back book defined as per Friends Life's methodology and includes With-profit products; Unit-linked bonds and other legacy products

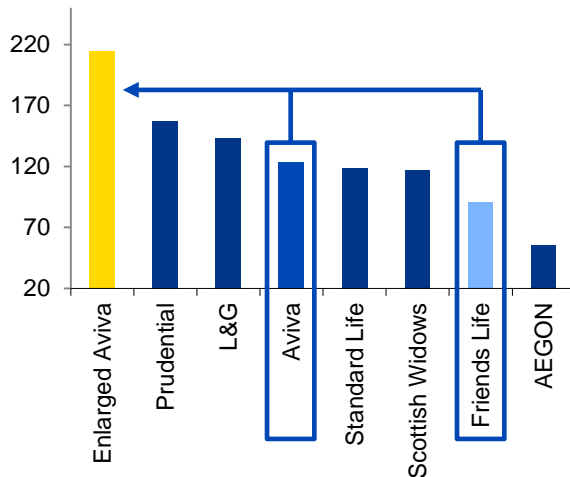
2. Includes life entities which have a required capital balance as at year end 2013. Data obtained from PRA returns. This includes Aviva Annuity Limited, Aviva Investors Pensions Limited, Aviva Life & Pensions Limited, Friends Life & Pensions Limited and Friends Life Limited

3. AuA as at 31 December 2013

2 Scale and Cost Advantage¹

Combined Proposition

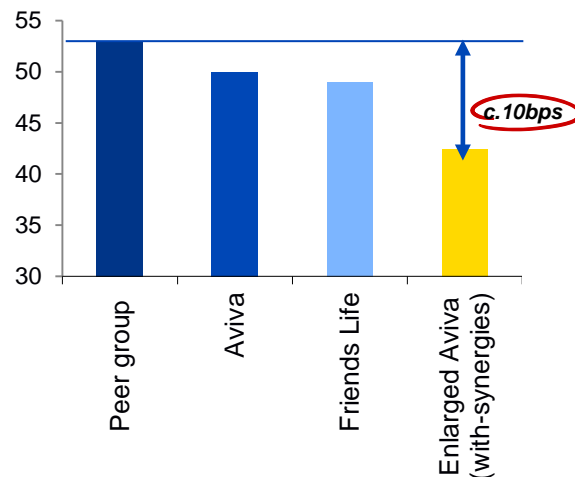
UK Life AuA (2013, £bn)¹



£215bn of Combined UK Life AuA

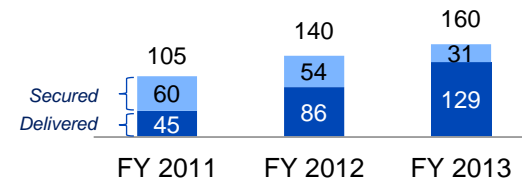
Driving Improvement

UK Life Cost / AuA (bps)^{2,3}

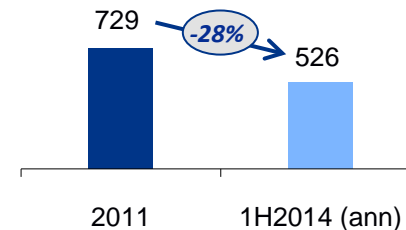


Evidence of Delivery

Friends Life's cost reduction achieved (£m)



Reduction in Aviva's UK Life cost base (£m)



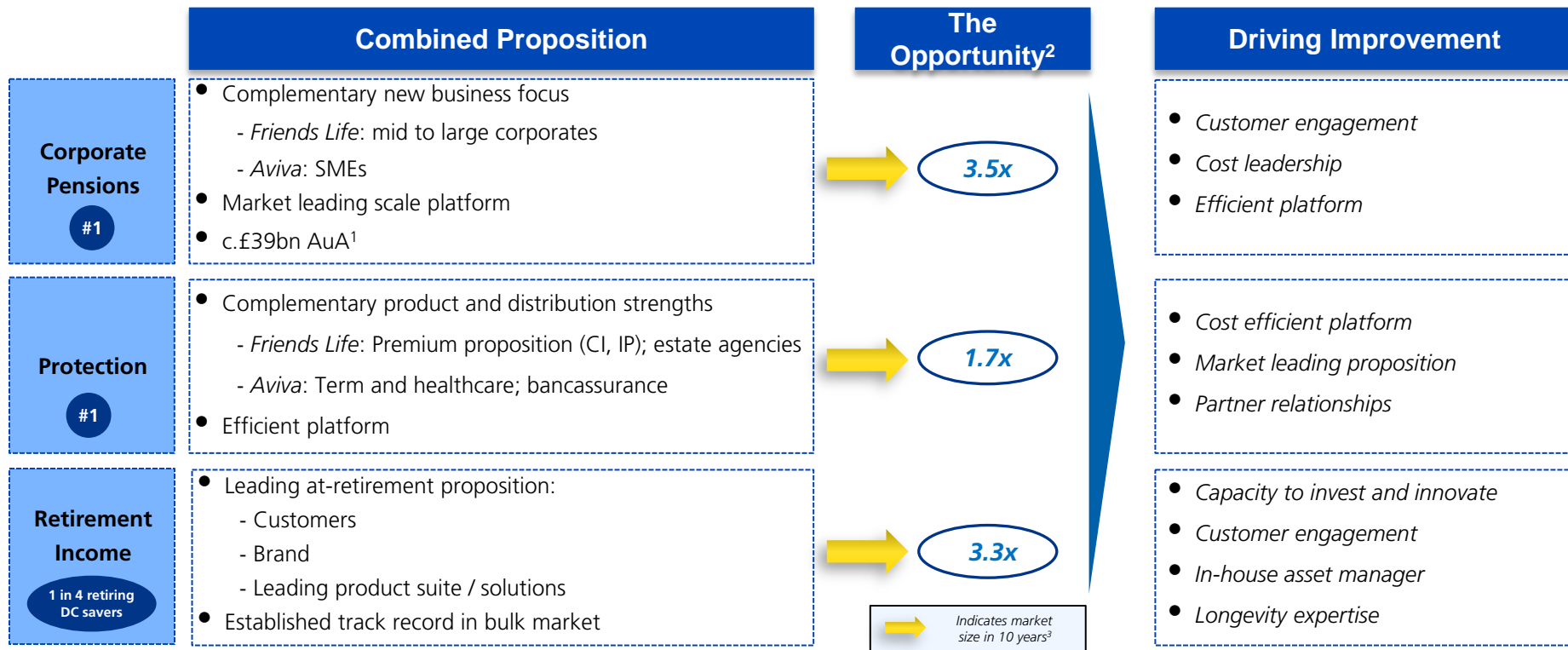
Scale driving material cost advantage

Note: Neither Friends Life nor its directors assume any responsibility for any information relating to Aviva or the Enlarged Aviva Group

Notes

- As at December 2013; Obtained from report and accounts; Aviva relates to 1H14. Standard Life excludes UK institutional pensions business
- Statements on synergies and any "quantified financial benefits statement" are the sole responsibility of Aviva and its directors. Neither Friends Life nor its directors assume any responsibility for any such statements. See the legal disclaimer on slide 3 for further information
- As at December 2013. AuA as per footnote 1 above. Peer group comprises of Standard Life, Prudential, Legal & General and AEGON UK. Basis of preparation contained in the Appendix

Scale Leadership Positions Across Core UK Life Growth Markets



Stronger proposition in the most attractive areas of the UK life market

Note: Neither Friends Life nor its directors assume any responsibility for any information relating to Aviva or the Enlarged Aviva Group

Notes

- As at 31 December 2013; c.£5bn of Friends Life AuA relates to workplace pensions AuA which currently sits within the Heritage division
- Based on value of assets coming into retirement and based on market research conducted on behalf of Friends Life Group
- Market growth projections from 2013 are based on market research conducted on behalf of Friends Life Group

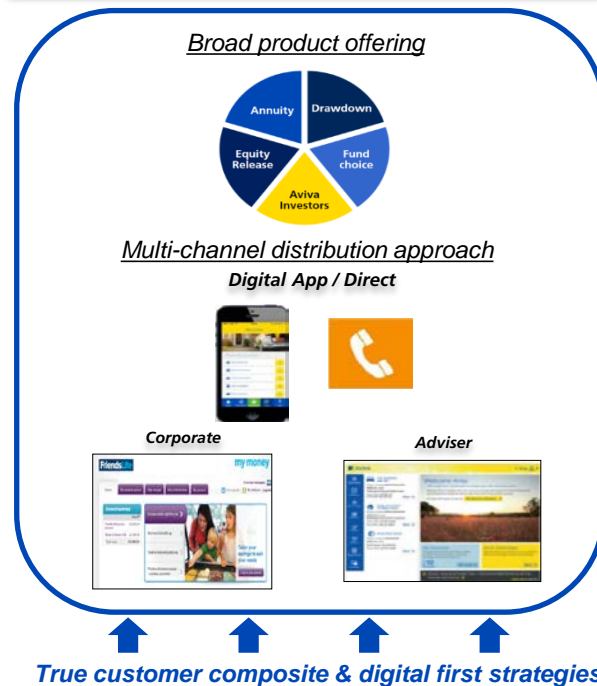
Improved Customer Proposition

Retirement Income Market Example

The Opportunity

- c.12m UK Life customers with 16m overall UK customers¹
- 1 in 4 retiring Defined contribution pension customers²
- Recent reforms create a new paradigm for UK retirement savings
- Retirement is no longer a point in time but an extended transition

Leading Proposition



What Our Customers Need

"Take control for me and make it **simple**"



"I want **guaranteed income** for life, BUT I want to leave something to the kids if I die early"

Friends Life

"Give me the **tools and support** I need to make good decisions"



"I want **complete flexibility** in how I spend my Pension money and am comfortable with the investment and longevity risk"

Friends Life

Well placed to capitalise on growth in the retirement market

Note: Neither Friends Life nor its directors assume any responsibility for any information relating to Aviva or the Enlarged Aviva Group

Notes

- Number of UK Life customers based on company reports, company websites, news releases. These figures are prior to deduction of any overlap in customer base.
- 1 in 4 analysis based on company data and HMT report published September 2014

Compelling Financial and Strategic Rationale for Friends Life's Shareholders

Enhancing Value¹

Friends Life shareholders benefit from:



27% premium to Friends Life's 3 month average share price², plus



Proposed **second interim dividend of 24.1p**, an uplift of 10p³, plus



Value share crystallised and settled for c.£220m



Attractive **progressive dividend policy**

Accelerating Strategy



Cash generation

- ✓ Superior back book management
- ✓ Scale and cost advantage⁴



Growth opportunity

- ✓ Scale leadership positions across core UK Life growth markets
- ✓ Improved customer proposition

Clear strategy to deliver cash flow and growth

Note: Neither Friends Life nor its directors assume any responsibility for any information relating to Aviva or the Enlarged Aviva Group

1. A preliminary integration plan is in place. Finalisation of the integration plan will be subject to engagement with appropriate stakeholders, including employee representative bodies

2. 3 month average share price of 310p up to 20 November 2014, being the closing price of the last day prior to talks between Aviva and Friends Life being made public. Excludes the payment expected to be made to RCAP UK Limited in relation to for the value share and Friends Life's 2014 second interim dividend

3. 10 p increase on the final 2013 dividend which is conditional on deal completion. In the event that the proposed acquisition does not complete, Friends Life expects that its 2014 final dividend would be in line with its 2013 final dividend

4. Statements on synergies and any "quantified financial benefits statement" are the sole responsibility of Aviva and its directors. Neither Friends Life nor its directors assume any responsibility for any such statements. See the legal disclaimer on slide 3 for further information

Summary

Mark Wilson

Group Chief Executive Officer

Transaction Reinforces Wider Growth Agenda

Transaction Impacts

Accelerates Aviva
balance sheet
transformation



Stronger platform
to generate cash
and reinvest in
the wider group

1 Growth Markets

- Poland, Turkey, Greater China and S.E. Asia (39% VNB growth¹)
- Organic growth plus potential distribution/ bancassurance opportunities

2 True Customer Composite

- Improve cross-sell ratio of 1.6 products to combined 36m customers (16m in the UK)
- Enhanced digital offering and customer platforms (e.g. workplace)

3 Asset Management

- New products (e.g. AIMS) to drive net external funds flow
- Increased scale supports investment to broaden capabilities

4 Digital

- Increasing direct access to customers
 - e.g. MyAviva app

5 General Insurance

- Cross-sell to life customers
- Build out existing businesses – e.g. France, Italy and Poland

6 Health

- £1bn existing premiums²
- £90bn premiums in Aviva markets³

Greater financial flexibility to drive growth in rest of the Group

Note

1. HY14 vs HY13

2. For NWP FY13

3. Estimated GWP based on local statutory returns

Q&A

Appendix – Basis of Preparation of UK Life Expenses / AuA

The peer group is composed of the UK Life businesses of L&G, Standard Life, Prudential and AEGON. All figures have been taken from 2013 annual report and accounts unless otherwise stated.

1. The peer group does not include LBG (Scottish Widows),
2. Operating expenses for all companies exclude debt costs and identifiable project/development and non-recurring costs, whilst include corporate centre costs allocated on a pro rata basis according to segmental operating profit contribution. These adjustments are necessary to provide a like-for-like benchmark
3. Aviva's AuA has been sourced from its July 2014 capital markets day presentation
4. Friends Life figures exclude OLAB as it is an international business, and therefore align to the originally reported 2013 results, rather than those restated for the transfer of OLAB into the Heritage division
5. Standard Life operating expense includes the sum of UK acquisition and maintenance expenses. AuA excludes UK institutional pensions and unallocated assets not backing products
6. Prudential operating expense includes the sum of UK acquisition costs, UK admin expenses and UK DAC adjustment, plus Group salary expense (inc. social security) allocated pro rata, plus Group auditors' remuneration allocated pro rata on a segmental operating profit basis
7. L&G UK Life expenses and AuA are calculated as the sum of LGAS and LGR segments. Operating expense therefore excludes LGIM and LGC operating costs which are directly sourced from the reported accounts, and includes the sum of Group acquisition costs allocated pro rata on a segmental operating profit basis (for LGAS, LGR and LGA only), plus salary expense (inc. social security) allocated pro rata, plus lease rentals allocated pro rata, plus auditors' remuneration allocated pro rata on a segmental operating profit basis. AuA includes LGAS AuA plus £34m managed by LGIM on behalf of LGR
8. AEGON's UK AuA includes the total of the figures shown in its September 2014 analyst presentation
9. The combination of Aviva and Friends Life is shown with the benefit of the disclosed run-rate synergies. The synergies relate to the UK Life operations plus pro-forma PLC overhead synergies allocated based on operating profit (pre synergies). For the purposes of Rule 28 of the Takeover Code, quantified financial benefits statements contained in this presentation are the responsibility of Aviva and the Aviva Directors. Investors should refer to the full Quantified Financial Benefits Statement in the Rule 2.7 announcement for the bases of belief, principal assumptions and sources of information used in order to prepare the statement

Recommended Acquisition of Friends Life Group

2nd December 2014