

A Policyholder
Any Road
Any Town
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September 2008

Dear Policyholder

£1 billion reattribution offer agreed

At the end of last year I wrote to tell you that you will be eligible to participate in the reattribution of the CGNU Life and Commercial Union Life Assurance Company (CULAC) with-profits funds. You will be able to choose to receive an incentive payment provided the reattribution goes ahead and you keep your investment in the with-profits fund until then.

I'm delighted to tell you that we and the Policyholder Advocate have now agreed that a reattribution offer should be put to policyholders. This agreement means that a potential total pot of £1 billion, paid for by shareholders, could be shared amongst eligible policyholders in any reattribution.

We believe the offer is good value for 99% of eligible policyholders. Clare Spottiswoode, the Policyholder Advocate, fully endorses the offer and has stated that she believes "this deal is good in all respects". The Financial Services Authority (FSA) has carried out an initial review, and has concluded that the offer is fair and should be put to policyholders. It will make its final review once the policyholder election is complete.

Most importantly, we recognise that policyholders have a choice and you will be entirely free to make your own decision whether or not to accept the offer.

We've still got a great deal of legal, regulatory, financial, governance and approvals work to complete before I can confirm the amount of our individual offer to you, and ask you to choose whether or not to accept it. Our offer will be linked to the value of your investment in the with-profits fund, the type of policy you hold and how long it has to run until maturity. The offer will be at least £400 and in the great majority of cases the payments are expected to be tax-free.

Please be assured that our proposals will not affect the terms of your policy, your regular premiums or potential future returns.

The reattribution remains subject to FSA review, final Board confirmation and approval from the High Court.

Helpline for this letter only:

Tel: 0800 051 1300

We are open 8am-8pm Mon-Fri
8.30am-5pm Sat

For our joint protection, calls may be recorded and monitored

Our reference is:
NU/WGNR

Visit our website at:
www.norwichunion.com/fundtransfer

Policy number:

Policyholder:
A Policyholder

You may receive more than one letter.

Documents enclosed:

■ Further Information

Please keep this information with your policy documents

Special distribution from the inherited estates

The reattribution offer is separate from the special bonus distribution, which I was delighted to announce earlier this year. **The special bonuses will not be affected by how you vote in the reattribution.** There's more information about the special bonuses in the enclosed insert.

Taken together with the £2.1 billion special bonus distribution to policyholders, the reattribution offer means a potential total of £3.1 billion to be allocated to policyholders. This is equivalent to around 70% of the value of the inherited estates being released to policyholders, if all policyholders voted to accept.

Next steps

There's no immediate action for you to take, but if you're thinking of making any changes to your policy, please remember it could affect your eligibility for the proposed reattribution, and the second and third special bonuses.

Please note that we're unable to tell you about your individual offer at this point. Please look out for the election mailing pack we'll send you during winter 2008/spring 2009. The pack will include information from Norwich Union and the Policyholder Advocate to help you make your decision.

We hope to make payments to eligible policyholders who accept our offer during summer 2009. The enclosed information insert has a new indicative timetable, a recap on our proposals, and explains the technical terms we've used.

Keep up to date

I want to keep you informed of developments. I recommend that you subscribe to our special e-mail updates through our dedicated website: www.norwichunion.com/fundtransfer. You can also call our helpline – the number is on this letter.

We've included a letter from the Policyholder Advocate for you. If you'd like to find out more about the Policyholder Advocate and her role, you can visit her website www.policyholderadvocate.org or call her office on **0800 0566 399** (for the Republic of Ireland 1800 635 059 and for international calls +44(0) 208 945 0998).

Finally I'd like to thank you for your continued patience during what has proved to be a long and complicated process for everyone involved. I now look forward to writing to you with your individual offer for you to consider.

The agreement that we should make an offer to policyholders is an important milestone in our progress towards a reattribution. This is good news for our policyholders.

Yours faithfully,



Mark S. Hodges
Chief Executive