News release

26 October 2006

Aviva plc
Worldwide long-term savings new business
9 months to 30 September 2006

- **Strong worldwide performance: Total sales[1] up 22%[2] to £22,718 million**
- **Record UK performance: Total sales up 39% to £10,464 million, with a strong market outlook**
- **Robust international new business growth: Total sales up 11% to £12,254 million**
- **Excellent investment product sales, up 54% to £3,590 million**
- **Strong growth in bancassurance sales, up 25% to £5,756 million, representing a quarter of total sales**
- **New business profit growth of 16%, with group new business margin remaining strong at 3.5%**
- **AmerUs acquisition on track to complete by the end of 2006**

Richard Harvey, group chief executive, commented:

"We've achieved strong growth in new business while sustaining the profitability of these sales. This result proves the competitive advantage we're building through our worldwide business model and demonstrates Aviva's strengths of scale, balance and diversified product offerings.

"In the UK, our business is growing fast, our margin is stable and we are the market leader. We've sold more long-term savings new business in the nine months to September than in the whole of 2005. Meanwhile, Aviva International is increasing net new business profits at almost twice the rate of sales, which continue to grow strongly.

"Aviva is well-positioned to capture growth in the world's largest long-term savings markets where we expect demand for products to continue to rise as private saving increases."

Financial highlights	**9 months to 30 September 2006**	**9 months to 30 September 2005**	**Local currency growth [2]**
Aviva UK			
Life and pensions new business sales	£8,791m	£6,686m	31%
Investment sales	£1,673m	£855m	96%
Total long-term savings new business sales	£10,464m	£7,541m	39%
New business contribution before required capital	£254m	£201m	26%
New business margin before required capital	2.9%	3.0%	
Aviva International			
Life and pensions new business sales	£10,337m	£9,574m	8%
Investment sales	£1,917m	£1,486m	30%
Total long-term savings new business sales	£12,254m	£11,060m	11%
New business contribution before required capital	£412m	£374m	10%
New business margin before required capital	4.0%	3.9%	
Aviva Group			
Life and pensions new business sales	£19,128m	£16,260m	18%
Investment sales	£3,590m	£2,341m	54%
Total long-term savings new business sales	£22,718m	£18,601m	22%
New business contribution before required capital	£666m	£575m	16%
New business margin before required capital	3.5%	3.5%	

1 All references to sales in this announcement refer to the present value of new business premiums (PVNBP) unless otherwise stated. PVNBP is the present value of new regular premiums plus 100% of single premiums, calculated using assumptions consistent with those used to determine new business contribution.
2 All growth rates quoted are at constant rates of exchange.

UK Life analyst and investor briefing

In a presentation to investors and analysts today, the Norwich Union Life management team will provide an update on its strategy for the UK life business.

Norwich Union is confident about the future prospects for the business given:

- Exceptionally strong Q3 new business results, with total sales up 39% and margins stable at 2.9%
- A leading market position with an increased market share of 12.1%
- A positive outlook for the UK savings market and strong business model focused on profitable and sustainable growth
- Significant and ongoing progress on service standards

The company is confident there will be continued growth in the UK life and pensions market with customers saving more for their future financial wellbeing as the savings ratio continues to rise. Norwich Union will set out its plans to attract a growing proportion of these savings based on its strong business model that combines a trusted brand, a broad product range and a multi-distribution capability.

Norwich Union will provide an update on its plans to realise the long-term potential of the UK life business. The company will focus on developing the business to exploit new market opportunities, continuing to improve service, rationalising its cost base, simplifying legacy systems and managing retention.

This builds on the announcement made on 14 September 2006 where Norwich Union outlined its plans to deliver £250m of cost savings per annum across its UK life and general insurance businesses in 2008.

Patrick Snowball, executive chairman of Norwich Union, commented:

"I am very excited about the tremendous opportunity to build on the excellent franchise of our UK life business. Through a combination of strengthening the management team and leveraging the existing expertise, we aim to achieve operational excellence across our business. This, in turn, will enable us to grow market share in the medium term as well as increase the profitability of our business."

Mark Hodges, chief executive, Norwich Union Life, commented:

"We lead the UK market in terms of our distribution platform, our product range and our new business sales. We also have an in-force life and pensions book that is the largest and most valuable in the country. Through implementing a series of targeted measures we will improve our market leading position in all these areas, with the aim of improving returns both to our customers and our shareholders."

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There will be a conference call today for wire services at 7:45am (BST) on +44 (0)20 7162 0125. This conference call will be hosted by Philip Scott, group executive director, Aviva International and attended by Andrew Moss, group finance director and Patrick Snowball, group executive director, Aviva UK.

There will be a conference call today for analysts and investors at 9:00am (BST) on +44 (0)20 7162 0126. This conference call will be hosted by Philip Scott, group executive director, Aviva International and attended by Andrew Moss, group finance director and Patrick Snowball, group executive director, Aviva UK.

Replay will be available for two weeks until 10 November 2006. The dial in number for replays is +44 (0)20 7031 4064 and the pass code is 718722.

A presentation for investors and analysts will be held today at 11:00am (BST) at the offices of Aviva plc, St Helen's, 1 Undershaft, London EC3P 3DQ. There will be a conference call for analysts and investors on +44 (0)20 7365 1833. A replay will be available for two weeks until 10 November 2006. The dial in number for replays is +44 (0)20 7806 1970. The pass code is 7872804# for the presentation and questions and answers, and 4414726# for questions and answers only. The presentation slides will be available on the group's website, www.aviva.com, from 11:00am (BST). The presentation is also being filmed for webcast and can be viewed live on the group's website at www.aviva.com/seminars.

Photographs are available on the Aviva media centre at www.aviva.com.

	Present value of new business premiums [1]			New business contribution [3]			New business margin [4]	
	9 months 2006 £m	9 months 2005 £m	Local currency growth [2]	9 months 2006 £m	9 months 2005 £m	Local currency growth [2]	9 months 2006	9 months 2005
Life and pensions business								
United Kingdom	**8,791**	**6,686**	**31%**	**254**	**201**	**26%**	**2.9%**	**3.0%**
France	2,717	2,593	5%	111	98	13%	4.1%	3.8%
Ireland	902	504	79%	19	13	46%	2.1%	2.6%
Italy	2,059	1,816	13%	51	46	11%	2.5%	2.5%
Netherlands (including Germany, Belgium and Luxembourg)	1,689	2,008	(16)%	45	56	(20)%	2.7%	2.8%
Poland	385	222	68%	20	11	78%	5.2%	5.0%
Spain	1,294	1,353	(4)%	128	116	10%	9.9%	8.6%
Other Europe [5]	215	182	17%	(4)	1	(426)%	(1.9)%	0.5%
Continental Europe	*9,261*	*8,678*	*7%*	*370*	*341*	*8%*	*4.0%*	*3.9%*
Asia	455	250	76%	23	13	70%	5.1%	5.2%
Australia	213	253	(15)%	10	11	(8)%	4.7%	4.3%
United States	408	393	3%	9	9	(1)%	2.2%	2.3%
Rest of the World	*1,076*	*896*	*19%*	*42*	*33*	*25%*	*3.9%*	*3.7%*
International	**10,337**	**9,574**	**8%**	**412**	**374**	**10%**	**4.0%**	**3.9%**
Total life and pensions	**19,128**	**16,260**	**18%**	**666**	**575**	**16%**	**3.5%**	**3.5%**

Investment sales [6]			
United Kingdom	**1,673**	**855**	**96%**
Netherlands	238	281	(15)%
Poland	87	36	134%
Other Europe	382	325	18%
Continental Europe	*707*	*642*	*10%*
Australia	1,030	787	33%
Singapore	180	57	201%
Rest of the World	*1,210*	*844*	*45%*
International	**1,917**	**1,486**	**30%**
Total investment sales	**3,590**	**2,341**	**54%**
Total long-term savings	**22,718**	**18,601**	**22%**
Navigator sales (included above)	1,040	668	55%

1 All references to sales in this announcement refer to the present value of new business premiums (PVNBP) unless otherwise stated. PVNBP is the present value of new regular premiums plus 100% of single premiums, calculated using assumptions consistent with those used to determine new business contribution.
2 Growth rates are calculated based on constant rates of exchange.
3 Stated before the effect of required capital.
4 New business margin represents the ratio of new business contribution before the effect of required capital to present value of new business premiums, expressed as a percentage.
5 2005 figures include new business sales of £45 million and new business contribution of £3 million from the Portuguese business, which was disposed of in October 2005. Excluding Portugal, Other Europe sales growth would have been 56%.
6 Investment sales are calculated as new single premium plus annualised value of new regular premiums.

Overview

Aviva continued to grow strongly in the nine months to 30 September 2006, with total long-term savings new business sales up 22% to £22,718 million (2005: £18,601 million). The overall increase reflects growth in life and pension sales of 18% to £19,128 million (2005: £16,260 million), and exceptional growth in investment sales of 54% to £3,590 million (2005: £2,341 million).

Aviva UK's total long-term savings sales grew by 39% to £10,464 million (2005: £7,541 million) and have already exceeded the figure for the whole of 2005 (full year 2005: £10,345 million). The growth reflects strong sales through both the intermediary channel and our successful bancassurance joint venture with The Royal Bank of Scotland Group (RBSG). This growth has been achieved while maintaining the UK margin before the cost of capital at 2.9%, in line with the full year 2005 figure. Aviva UK continues to focus on actively managing margin, volume and business mix.

Aviva International's total long-term savings new business sales continued to experience strong growth of 11% to £12,254 million (2005: £11,060 million) reflecting expansion in most of its key markets. Growth in Asia was particularly strong at 100% and the region now accounts for over 5% of total international sales. Life and pensions new business sales were 8% higher at £10,337 million (2005: £9,574 million) while investment sales grew by 30% to £1,917 million (2005: £1,486 million), primarily reflecting increased sales through the Navigator platform. New business contribution before the effect of required capital increased by 10% to £412 million (2005: £374 million) and is broadly in line with sales growth. After the effect of required capital, new business contribution increased faster than sales, up 16% to £308 million (2005: £264 million), reflecting improved product mix and the continued focus on profitable growth and capital efficiency.

The acquisition of AmerUs in the US is on track. Last week, AmerUs shareholders voted in favour of our recommended offer and we continue to progress the required regulatory approvals. We remain confident that the transaction will complete by the end of 2006.

Aviva UK

A record nine months for Norwich Union with total sales, including investments, up 39% to £10,464 million (2005: £7,541 million). Sales of collective investments were particularly strong at £1,673 million, almost double those achieved in the same period last year (2005: £855 million). Sales momentum continued in the third quarter, with discrete total sales up 31% to £3,565 million (2005: £2,716 million). Total sales in the first nine months of 2006 are already ahead of the £10,345 million achieved in the whole of 2005.

Norwich Union maintained the new business margin at 2.9%, in line with the full year 2005 figure of 2.9%. This reflects the company's disciplined focus on managing margin and volumes across the product range.

Norwich Union's overall market share at the half year was 12.1%, 1.5 percentage points higher than the corresponding 2005 figure (2005: 10.6%). The company has also improved its market share position within the year, moving from 12.0% in the first quarter of 2006 to 12.2% in the second quarter of 2006.

Individual pension sales, which include group personal pensions, were exceptional, up 71% to £3,200 million (2005: £1,867 million). Group pension sales were also strong at £840 million, 16% ahead of last year (2005: £727 million). High levels of activity have continued following A-Day as advisers continue to look for ways to enhance their clients' pension arrangements under new tax rules. Self-invested personal pension (SIPP) sales, through Norwich Union's Lifetime wrap platform totalled £101 million[1].

Norwich Union anticipates the A-Day effect will continue, albeit at a slower rate for the remainder of 2006 and into 2007, particularly as the charging structure changes take effect.

Rising equity markets benefited sales of bonds and collective investments with investor confidence remaining robust. Bond sales for the nine months increased substantially by 36% to £2,532 million (2005: £1,860 million). Norwich Union's RPI guaranteed bond continued to prove popular, resulting in a 54% growth in with-profit bond sales to £552 million. Unit-linked bond sales performed strongly, increasing by 29% to £1,808 million.

Norwich Union's collective investment performance remained exceptional, with sales year to date increasing by 96% to £1,673 million (2005: £855 million). Our property offering from Morley Fund Management continued to be popular with investors. The growth in sales underlines the success of Norwich Union's strategy of widening its collective investment range and strengthening its consumer offerings.

Protection sales year to date totalled £823 million, an increase of 15% on 2005 (2005: £714 million). In September, the company launched a new simplified life product aimed at growing the direct to consumer market. Norwich Union believes that simplified protection products are essential to increasing consumer understanding and accessibility.

Total annuity sales of £1,161 million were lower by 6% (2005: £1,240 million) as the company continued to price for profit rather than volume. While Norwich Union is now actively quoting in the bulk purchase annuity market, entry into this market is focused on generating an increase in levels of value and the company will not participate in areas where it is unable to achieve adequate levels of return.

[1] Included in collective investment sales

Sales of equity release products were 16% lower at £235 million (2005: £278 million) as the market remained subdued. Norwich Union continues to be a leading player and is confident that the market for equity release products will grow as the benefits as a retirement funding opportunity are realised.

Norwich Union's bancassurance partnership with RBSG delivered significant growth in the nine months with total sales of £1,236 million, 62% ahead of 2005 (2005: £763 million). Norwich Union's share was £879 million, up 69% (2005: £521 million). This continuing strong performance reflects the ongoing investment and commitment to the bancassurance operation by both RBSG and Norwich Union. Both partners are confident that the increase in sales advisers from the current levels of around 700 to 850 by the end of 2007 will continue to underpin further good growth.

Norwich Union continued to perform very strongly in the Independent Financial Adviser (IFA) market with a market share at the half year of 13.5% - significantly ahead of the half-year 2005 figure of 12.3%. Norwich Union is also the leading provider to the top four networks and service providers in the UK. The company believes that its improvements in service levels for advisers in 2006 are a major contributor to this performance. Norwich Union continues to achieve its service level targets on all standard new business applications for protection, investment bond, annuity and individual pension products, and is committed to delivering further service improvements in 2006 and into 2007.

Economic growth in the UK has continued to revive and has become more broadly based as consumer spending remains robust, supported by employment growth and renewed strength in the housing market. Norwich Union expects double-digit growth for the market in 2006 and anticipates more modest growth in 2007.

Aviva International

Continental Europe

France:

Aviva France's sales increased by 5% to £2,717 million (2005: £2,593 million), including sales of £657 million (2005: £560 million) through Aviva's bancassurance partner, Crédit du Nord.

Aviva's strategy continues to focus on the sale of higher margin, capital efficient unit-linked products and on profitable growth, resulting in a 13% increase in new business contribution to £111 million (2005: £98 million) with an increased margin of 4.1% (2005: 3.8%). Total unit-linked sales were 19% higher at £1,232 million (2005: £1,034 million), representing 47% (2005: 42%) of savings sales (excluding protection sales).

Overall market growth for the eight months to August slowed to 21%[2], including the large but reducing effect of the reinvestment of 'Plan d'Epargne Logement' (PEL) banking product withdrawals. PEL has mostly benefited pure bancassurers with growth amongst traditional insurers declining to 11%.

Aviva continues to focus on encouraging Fourgous[3] transfers, an area in which it has been very successful. In total, Aviva has achieved over 62,000 policy conversions amounting to £3.4 billion of transferred funds, of which £1.2 billion have been transferred to unit-linked funds. In the first half of 2006, Aviva generated more than 40%[4] of all Fourgous transfers in the market and these transfers are excluded from Aviva's life new business figures. These transfers, combined with ensuring that policyholders continue to receive best advice, enables a greater proportion of future new business from existing customers to be invested in unit-linked funds.

AFER, the largest retirement savings association in France, continues to grow and now has 650,000 members with sales of £1,252 million (2005: £1,230 million). Unit-linked sales through this important channel have grown strongly increasing by 42% to £392 million (2005: £276 million) and representing 31% of total AFER sales (2005: 22%).

New business sales through channels other than Aviva France's partnerships with AFER and Crédit du Nord were £808 million (2005: £803 million), accounting for 30% of total sales (2005: 31%). Within this, higher margin unit-linked business grew to 76% (2005: 69%) as a proportion of savings sales.

Aviva France's multi-distribution approach and first-class investment track record[5] mean that the business is well-placed to continue to grow sales and new business contribution.

Ireland:

Including sales through the bancassurance partnership with Allied Irish Banks (AIB), Ireland's largest retail bank, Hibernian's new business sales increased by 79% to £902 million (2005: £504 million).

New business contribution was £19 million (2005: £13 million) with a margin of 2.1% (2005: 2.6%). The reduction in the margin reflects continuing competitive pressures and changes in assumptions.

Sales through AIB, which commenced at the end of January, amounted to £424 million, representing a substantial improvement on 2005. These sales comprised £314 million of life sales, consisting primarily of single premium bonds, and

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[2] Based on gross written premium

[3] The Fourgous amendment of 2005 enabled the tax-efficient transfer of existing 100% Euro funds into more balanced Euro and unit-linked portfolios

[4] Based on the value of funds converted

[5] In September 2006, 'Mieux Vivre Votre Argent' (a weekly magazine) ranked Aviva Gestion d'Actifs the best fund manager over the last 5 years

£110 million of pension sales. Life sales benefited from the reopening of the Hibernian property fund in July with sales through the bank channel of £49 million. The integration with Ark Life is proceeding according to plan and there have been a number of new product developments specifically designed for the bank channel.

Life sales through the Hibernian broker channel were 14% higher at £190 million (2005: £167 million), with strong sales of single premium unit-linked business reflecting the continued success of the limited-offer guaranteed fund prior to its closure in June.

Pension sales through the Hibernian broker channel were £288 million (2005: £337 million), with the decrease reflecting an exceptional level of investment-only group pension contracts sold in 2005. Sales tend to fluctuate from quarter to quarter due to the timing and size of these group contracts and the concentration of individual pensions sales in the final quarter.

Further growth is expected in 2006 and 2007 through the continued development of new products, including a re-launched pension product, expansion of the fund offering through the bank and broker networks, as well as the Special Savings Incentive Accounts maturity peak in April 2007.

Italy:
Aviva Italy reported an excellent performance with total sales up 13% to £2,059 million (2005: £1,816 million, including one-off single premium direct sales of £73 million). This growth contrasted favourably with the Italian market, which showed a decline in total sales of 9%[6].

New business contribution increased by 11% to £51 million (2005: £46 million), reflecting the growth in sales at a stable margin of 2.5% (2005: 2.5%).

UniCredit Group continues to be one of the most successful bancassurers in Italy and Aviva's total sales have increased by 70% to £1,103 million (2005: £647 million), benefiting from access to additional branches in the UniCredit Group network since January 2006.

Sales through Banche Popolari Unite were £483 million (2005: £505 million). A new protection product was launched in the third quarter of the year to broaden the product range.

Sales through the Banca Popolare Italiana Group network were £401 million (2005: £423 million) as demand for structured bonds was lower than last year. Marketing campaigns were carried out in the first half of 2005, while in 2006 they are expected to take place in the last quarter.

Sales through Banca delle Marche were lower at £32 million (2005: £139 million, including one-off single premium direct sales of £29 million), resulting from the timing of marketing campaigns and a significant change in sales mix from regular premium products to single premium. A marketing campaign is planned for the fourth quarter focused on a new unit-linked product.

The long-term growth potential remains strong in the Italian market and Aviva Italy continues to develop its bancassurance relationships. However, the timing of marketing campaigns and new product launches is variable and results in some volatility in sales volumes each quarter.

Netherlands (including Germany, Belgium and Luxembourg):
Delta Lloyd's total sales, including investment sales, were £1,927 million (2005: £2,289 million). The markets in which Delta Lloyd operates have been challenging in 2006, affected by competitive pricing, and by regulatory and fiscal changes. In addition, Delta Lloyd's sales in Germany were £114 million (2005: £266 million) as a consequence of higher short-term interest rates. In this environment, Delta Lloyd continues to focus on achieving a balance between profitability and business volumes while seeking out new sales opportunities.

New business contribution was £45 million (2005: £56 million) with margins of 2.7% (2005: 2.8%). The 2006 margin incorporates the adverse impact of the 40 basis point decrease in the bond yield within the European Embedded Value assumptions at the start of 2006.

Life and savings sales were £697 million (2005: £976 million), with the reduction mainly due to lower sales in Germany and Belgium. In the Netherlands, savings sales have been affected by competition from alternative banking products. In Germany, investment bond volumes have been affected by the flattening yield curve. In Belgium, sales were lower following the introduction of a 1.1% insurance tax levy on life insurance premiums from 1 January 2006 and reduced margins available in the market.

Pension and annuity sales were £992 million (2005: £1,032 million). Volumes of annuity sales were lower at £249 million (2005: £328 million), reflecting high volumes in the first half of 2005 driven by limited period special offers in ABN AMRO and the direct channel. Delta Lloyd's pension sales tend to fluctuate from quarter to quarter due to the timing and size of group contracts. A £27 million premium was received from the Delta Lloyd pension scheme in the current quarter in addition to the £125 million premium received earlier in the year.

Investment sales were £238 million (2005: £281 million) mainly comprising equity and bond fund sales through the Rabobank network.

[6] Based on new business single premium plus regular premiums at July 2006 compared with July 2005.

Poland (including Lithuania):
Aviva's life and pension operations in Poland and Lithuania are leading businesses in their respective markets. Total sales, including investment sales, were £472 million (2005: £258 million).

Total new business contribution from life and pension sales was up 78% to £20 million (2005: £11 million), driven by the strong growth in sales, with a new business margin of 5.2% (2005: 5.0%).

Life sales in Poland increased substantially to £182 million (2005: £96 million), including £17 million from a large group scheme. This performance reflects strong sales of single premium unit-linked business, driven by a favourable equity market, positive results from continued development of the direct sales force and an improving focus on bancassurance.

Pension sales increased significantly to £172 million (2005: £100 million) mainly as a result of higher receipts of contributions from the State pension agency and higher amounts of assets obtained from the secondary market.

Life and savings sales in Lithuania were £31 million (2005: £26 million), confirming Aviva's strong position in this market.

Investment sales in Poland were £87 million (2005: £36 million) reflecting a buoyant equity market, the benefit of a new distribution agreement with a leading broker and the increased productivity of the direct sales force.

The Polish insurance and investment markets continue to offer strong long-term growth potential, supported by a favourable economic outlook. Equity markets slowed in the third quarter and Aviva does not expect the current level of sales growth to be maintained in the final quarter.

Spain:
Aviva is the leading bancassurer in the Spanish life market and ranks second in the overall life market[7].

Aviva Spain's sales were £1,294 million (2005: £1,353 million, including one-offs of £25 million), reflecting the decline in the Spanish market of 5% in the first half of 2006. Sales of savings products were adversely affected by uncertainty surrounding the details of tax changes announced for 2007 and this uncertainty is likely to continue to affect sales of savings products for the remainder of the year. New products will be launched in early 2007 to take advantage of the proposed tax changes.

The new business contribution grew by 10% to £128 million (2005: £116 million) and the margin to 9.9% (2005: 8.6%), reflecting a greater proportion of sales of higher-margin protection products.

Sales through Aviva's bancassurance partnerships in the first nine months were focused on higher-margin protection and pension business. Total sales were £1,165 million (2005: £1,217 million). This performance was supported by marketing campaigns carried out by the bank partners in the first half of the year.

Sales through Aviva Vida y Pensiones, which distributes through its direct sales force and intermediaries, were £129 million (2005: £136 million, including one-off sales of £25 million). Favourable equity market conditions in the first half of the year helped to achieve increased sales of unit-linked business.

Sales in the fourth quarter will benefit from the launch of new life and pension products. The reduction in pension tax relief from 1 January 2007 will be a feature of the marketing campaigns planned for the last quarter.

Other Europe:
Life and pension sales in Aviva's other Continental European businesses in the Czech Republic, Hungary, Romania, Russia and Turkey amounted to £215 million (2005: £182 million, including £45 million of sales in the Portuguese business which was sold in 2005). Growth of 56% was achieved from continuing businesses, principally from an increase in sales through the broker channel in **Hungary**, reflecting the benefit from a surge in sales prior to changes in the tax regime.

In **Turkey**, where Aviva is a top-five life and pensions provider, total sales were £112 million (2005: £106 million) reflecting recent increased activity in transfers from existing life to pension policies ahead of the regulatory deadline[8].

Investment sales in **Luxembourg** have risen by 18% to £382 million (2005: £325 million), benefiting from strong equity markets.

Aviva **Russia** was granted its licence in March 2006 and it has subsequently commenced trading in corporate sales on a limited scale. Aviva's strategy is to position the business to take advantage of the rapid growth expected to occur as the life insurance industry develops with the expectation of achieving a top-five market position and a 10% share in the life insurance market in the next five years.

[7] Based on gross written premium in the first half of 2006.
[8] Turkish legislation for pension business, which came into effect from August 2004, allows for transfers from existing life policies to new pension policies with the same life company until October 2006. Pensions business has advantages in terms of the range of investment funds and a lower tax charge on benefits at maturity/retirement.

Rest of the World

Asian businesses:

In line with its long-term strategic ambitions for the region, Aviva continues to achieve a strong rate of growth in new business sales. Total sales from operations in Asia were up 100% to £635 million (2005: £307 million). New business contribution from life and pension sales increased by 70% to £23 million (2005: £13 million) with a new business margin of 5.1% (2005: 5.2%).

Singapore: Total sales increased by 81% to £387 million (2005: £204 million). Life and pension sales were £207 million (2005: £147 million), reflecting limited period single premium sales through Aviva's partnership with DBS. Aviva remains second in the bancassurance market and the leader in the developing broker market as well as the employee benefits and healthcare segment.

Sales through Navigator, the investment fund administration business, increased significantly to £180 million (2005: £57 million), reflecting good relationships with key brokers, the comprehensive range of funds offered and a buoyant equity market.

Hong Kong: Sales increased significantly to £141 million (2005: £59 million), due to strong IFA sales, that now account for 50% of the total, together with continued good performance from the partnership with DBS in Hong Kong.

China: Sales through the joint venture life business, Aviva-COFCO increased to £68 million (2005: £45 million) reflecting expansion in China where Aviva is now licensed in six major cities, with sales offices in a further seven cities. Aviva's 50% share of sales was £34 million (2005: £22 million).

India: Aviva's joint venture with the Dabur Group reported an excellent performance increasing total new business sales to £246 million (2005: £86 million), with Aviva's 26% share of new business sales amounting to £64 million (2005: £22 million). Aviva is the leader in the bancassurance market and the seventh largest private insurer in India[9]. Aviva India has continued to increase its distribution relationship with banks, which now number 29 (2005: 17). The most recent agreement is with Doha Bank in Qatar, where Aviva's products will be distributed to Qatar's non-resident Indian community. Aviva's direct sales force now numbers more than 12,800 agents, with an additional 5,000 in training.

Sri Lanka: On 1 February 2006, Aviva acquired a 51% stake in Eagle Insurance Company Limited (Eagle), the third-largest insurer in Sri Lanka. At the same time, Eagle entered into a bancassurance agreement with National Development Bank Limited, Sri Lanka's biggest development bank and Eagle's other major shareholder. Eagle has now entered its second bancassurance deal with Standard Chartered Bank, and has launched a set of innovative new products. Total sales since acquisition amount to £9 million.

Australia:

Total sales increased by 21% to £1,243 million (2005: £1,040 million), driven primarily by significantly higher investment sales through Navigator, the master trust fund administration business.

Life and pension sales were £213 million (2005: £253 million) with strong growth from protection products continuing following product enhancements. However, changes in legislation in July 2005[10] have resulted in a shift of corporate pension sales for Aviva towards Navigator retirement funds and this trend is expected to continue. Recently announced changes to pension laws and changes in tax legislation are expected to have a beneficial impact on the long-term savings industry.

Sales through Navigator increased by 43% to £860 million (2005: £611 million) as a result of ongoing improvements in product offerings, an increase in retirement fund business, sustained strong customer service levels and Aviva Australia's strategic investments in key distributors. Recent budget changes and cuts in personal income tax should encourage consumer investment in retirement funds. Other investment sales were £170 million (2005: £176 million).

New business contribution from life and pension sales was £10 million (2005: £11 million). The new business margin increased to 4.7 % (2005: 4.3%), reflecting increased contribution from higher margin protection business.

United States:

Life and pension sales increased by 3% to £408 million (2005: £393 million). Sales of deferred annuities have been adversely affected by difficult market conditions associated with a flat yield curve and this is expected to continue. Structured settlement products continue to show strong growth following the A.M. Best rating upgrade to A+ in November 2005. Fixed index annuity sales increased by 200% to £48 million (2005: £16 million, sales commenced in the second quarter) due to competitive rates and the success of recent marketing campaigns.

New business contribution remained at a level of £9 million (2005: £9 million). The margin of 2.2% (2005: 2.3%) remains broadly in line with the prior year.

[9] Measured in terms of first year weighted premium income in the fiscal year to date (April 2006 – August 2006)

[10] From 1 July 2005, for the first time, individuals were entitled to choose where superannuation contributions made on their behalf by their employer were directed. Previously the employer would choose the plan.

Notes to Editors

1. Aviva is one of the leading providers of life and pensions to Europe with substantial positions in other markets around the world, making it the world's fifth-largest insurance group based on gross worldwide premiums at 31 December 2005.

   Aviva's principal business activities are long-term savings, fund management and general insurance, with worldwide total sales* of £36 billion and assets under management of £322 billion at 31 December 2005.
   * Based on life and pensions PVNBP, total investment sales and general insurance and health net written premiums including share of associates' premiums.

   The Aviva media centre at www.aviva.com/media includes images, company and product information and a news release archive.

2. All figures have been translated at average exchange rates applying for the period. The average rates employed in this announcement are 1 euro = £0.68 (9 months to 30 September 2005: 1 euro = £0.68).

3. All growth rates are quoted in local currency.

4. Definition: **Present value of new business premiums (PVNBP)** is the present value of new regular premiums plus 100% of single premiums, calculated using assumptions consistent with those used to determine new business contribution.

5. Cautionary statements:

   This preliminary announcement may contain "forward-looking statements" with respect to certain of Aviva's plans and its current goals and expectations relating to its future financial condition, performance and results. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond Aviva's control, including amongst other things, UK domestic and global economic business conditions, market-related risks such as fluctuations in interest rates and exchange rates, the policies and actions of regulatory authorities, the impact of competition, inflation, deflation, the timing impact and other uncertainties of future acquisitions or combinations within relevant industries, as well as the impact of tax and other legislation and other regulations in the jurisdictions in which Aviva and its affiliates operate. As a result, Aviva's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in Aviva's forward-looking statements.

   Aviva undertakes no obligation to update the forward-looking statements contained in this presentation or any other forward-looking statements we may make.

Aviva plc is a company registered in England No. 2468686.
Registered office St Helen's 1 Undershaft London EC3P 3DQ.

Statistical Supplement

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Analyses

Present value of life new business premiums

The present value of new business premiums (PVNBP) is derived from the single and regular premiums of the products sold during the financial period and is expressed at the point of sale. The PVNBP calculation is equal to total single premium sales received in the year plus the discounted value of regular premiums expected to be received over the term of the new contracts. The premium volumes and projection assumptions used to calculate the present value of regular premiums for each product are the same as those used to calculate new business contribution, so the components of the new business margin are on a consistent basis.

The discounted value of regular premiums is also expressed as annualised regular premiums multiplied by a Weighted Average Capitalisation Factor (WACF). The WACF will vary over time depending on the mix of new products sold, the average outstanding term of the new contracts and the projection assumptions. The table below sets out the factors required to derive the present value of regular premiums by business units, and combined with single premium sales derives the present value of future new business premiums.

					9 months 2006	9 months 2005
	Regular premiums £m	Weighted average capitalisation factor	Present value of regular premiums £m	Single premiums £m	Present value of new business premiums £m	Present value of new business premiums £m
United Kingdom						
Individual pensions	295	5.3	1,550	1,650	3,200	1,867
Group pensions	69	5.7	393	447	840	727
Annuities	-	-	-	1,161	1,161	1,240
Bonds	-	-	-	2,532	2,532	1,860
Protection	126	5.0	627	196	823	714
Equity release	-	-	-	235	235	278
Total life and pensions	**490**	**5.2**	**2,570**	**6,221**	**8,791**	**6,686**
France						
Euro funds [1]	7	5.3	37	1,338	1,375	1,450
Unit-linked funds	34	6.3	213	1,019	1,232	1,034
Protection business	16	6.8	108	2	110	109
Total life and pensions	**57**	**6.3**	**358**	**2,359**	**2,717**	**2,593**
Ireland						
Life and savings	26	4.8	125	379	504	167
Pensions	47	4.5	212	186	398	337
Total life and pensions	**73**	**4.6**	**337**	**565**	**902**	**504**
Italy						
Life and savings	65	6.2	405	1,654	2,059	1,816
Total life and pensions	**65**	**6.2**	**405**	**1,654**	**2,059**	**1,816**
Netherlands (including Belgium, Germany and Luxembourg)						
Life	62	6.9	429	268	697	976
Pensions	51	8.6	438	554	992	1,032
Total life and pensions	**113**	**7.7**	**867**	**822**	**1,689**	**2,008**
Poland						
Life and savings	21	5.1	108	105	213	122
Pensions	15	7.5	112	60	172	100
Total life and pensions	**36**	**6.1**	**220**	**165**	**385**	**222**
Spain						
Life and savings	50	6.2	310	698	1,008	1,098
Pensions	22	5.6	124	162	286	255
Total life and pensions	**72**	**6.0**	**434**	**860**	**1,294**	**1,353**
Other Europe						
Life and pensions	42	3.7	156	59	215	182
Total life and pensions	**42**	**3.7**	**156**	**59**	**215**	**182**
Rest of the World						
Asia	55	4.6	251	204	455	250
Australia	27	3.3	89	124	213	253
United States	5	4.6	23	385	408	393
Total Life and pensions	**87**	**4.2**	**363**	**713**	**1,076**	**896**
International total life and pensions	**545**	**5.8**	**3,140**	**7,197**	**10,337**	**9,574**
Total	**1,035**	**5.5**	**5,710**	**13,418**	**19,128**	**16,260**

1 Euro funds are savings that receive an annual bonus declaration, based on the investment performance of the underlying funds.

Analysis of sales via principal bancassurance channels

	Present value of new business premiums[2]		
	9 months 2006 £m	**9 months 2005 £m**	**Local currency growth [1]**
Life and pensions			
United Kingdom			
Royal Bank of Scotland Group	745	442	69%
	745	**442**	**69%**
France			
Crédit du Nord	657	560	17%
	657	**560**	**17%**
Ireland			
Allied Irish Banks	424	-	-
	424	**-**	**-**
Italy			
UniCredit Group	1,103	647	70%
Banca Popolare Italiana Group	401	423	(5)%
Banca delle Marche	32	139	(77)%
Banche Popolari Unite	483	505	(4)%
	2,019	**1,714**	**18%**
Netherlands			
ABN AMRO	371	450	(18)%
	371	**450**	**(18)%**
Spain			
Bancaja	516	588	(12)%
Caixa Galicia	227	225	1%
Unicaja	219	196	12%
Caja España	116	119	(3)%
Caja de Granada	87	89	(2)%
	1,165	**1,217**	**(4)%**
Asia			
DBS	241	148	58%
	241	**148**	**58%**
Total life and pensions	**5,622**	**4,531**	**24%**
Investment sales[3]			
United Kingdom			
Royal Bank of Scotland Group	134	79	70%
	134	**79**	**70%**
Total bancassurance sales	**5,756**	**4,610**	**25%**

1 Growth rates are calculated based on constant rates of exchange.
2 Present value of new business premiums (PVNBP) is the present value of new regular premiums plus 100% of single premiums, calculated using assumptions consistent with those used to determine new business contribution.
3 Investment sales are calculated as new single premium plus annualised value of new regular premiums.

Detailed analysis of new business contribution

(a) Before the effect of required capital – PVNBP basis

	Present value of new business premiums [1]		New business contribution [2,3]		New business margin [4]		
	9 months 2006 £m	9 months 2005 £m	9 months 2006 £m	9 months 2005 £m	9 months 2006	9 months 2005	Full year 2005
Life and pensions							
United Kingdom	**8,791**	**6,686**	**254**	**201**	**2.9%**	**3.0%**	**2.9%**
France	2,717	2,593	111	98	4.1%	3.8%	3.8%
Ireland	902	504	19	13	2.1%	2.6%	2.4%
Italy	2,059	1,816	51	46	2.5%	2.5%	2.6%
Netherlands (including Germany, Belgium and Luxembourg)	1,689	2,008	45	56	2.7%	2.8%	3.3%
Poland	385	222	20	11	5.2%	5.0%	5.0%
Spain	1,294	1,353	128	116	9.9%	8.6%	8.7%
Other Europe	215	182	(4)	1	(1.9)%	0.5%	(0.4)%
Continental Europe	*9,261*	*8,678*	*370*	*341*	*4.0%*	*3.9%*	*4.2%*
Asia	455	250	23	13	5.1%	5.2%	5.1%
Australia	213	253	10	11	4.7%	4.3%	4.7%
United States	408	393	9	9	2.2%	2.3%	2.5%
Rest of the World	*1,076*	*896*	*42*	*33*	*3.9%*	*3.7%*	*3.9%*
International	**10,337**	**9,574**	**412**	**374**	**4.0%**	**3.9%**	**4.1%**
Total life and pensions	**19,128**	**16,260**	**666**	**575**	**3.5%**	**3.5%**	**3.6%**
Analysed between:							
Bancassurance channels	5,622	4,531	274	219	4.9%	4.8%	5.1%
Other distribution channels	13,506	11,729	392	356	2.9%	3.0%	3.1%
	19,128	**16,260**	**666**	**575**	**3.5%**	**3.5%**	**3.6%**

1 Present value of new business premiums (PVNBP) is the present value of new regular premiums plus 100% of single premiums, calculated using assumptions consistent with those used to determine new business contribution.

2 Before the effect of required capital.

3 New business contribution before the effect of required capital includes minority interests in 2006 of £134 million (9 months 2005: £110 million). This comprises minority interests in France of £18 million (9 months 2005: £15 million), Ireland £4 million (9 months 2005: nil), Italy £30 million (9 months 2005: £27 million), Spain £71 million (9 months 2005: £59 million), Poland £3 million (9 months 2005: £2 million), Netherlands £7 million (9 months 2005: £7 million) and Sri Lanka £1 million (2005: nil)

4 New business margin represents the ratio of new business contribution to PVNBP, expressed as a percentage.

(b) After the effect of required capital

	Present value of new business premiums [1]		New business contribution [2,3]		New business margin [4]		
	9 months 2006 £m	9 months 2005 £m	9 months 2006 £m	9 months 2005 £m	9 months 2006	9 months 2005	Full year 2005
Life and pensions business							
United Kingdom	**8,791**	**6,686**	**205**	**165**	**2.3%**	**2.5%**	**2.4%**
France	2,717	2,593	80	66	2.9%	2.5%	2.6%
Ireland	902	504	13	11	1.4%	2.2%	2.0%
Italy	2,059	1,816	35	28	1.7%	1.5%	1.6%
Netherlands (including Germany, Belgium and Luxembourg)	1,689	2,008	23	29	1.4%	1.4%	2.1%
Poland	385	222	18	10	4.7%	4.5%	4.7%
Spain	1,294	1,353	117	102	9.0%	7.5%	7.7%
Other Europe	215	182	(5)	(2)	(2.3)%	(1.1)%	(2.1)%
Continental Europe	*9,261*	*8,678*	*281*	*244*	*3.0%*	*2.8%*	*3.1%*
Asia	455	250	19	11	4.2%	4.4%	4.1%
Australia	213	253	4	5	1.9%	2.0%	2.7%
United States	408	393	4	4	1.0%	1.0%	1.3%
Rest of the World	*1,076*	*896*	*27*	*20*	*2.5%*	*2.2%*	*2.5%*
International	**10,337**	**9,574**	**308**	**264**	**3.0%**	**2.8%**	**3.0%**
Total life and Pensions	**19,128**	**16,260**	**513**	**429**	**2.7%**	**2.6%**	**2.8%**

1 Present value of new business premiums (PVNBP) is the present value of new regular premiums plus 100% of single premiums, calculated using assumptions consistent with those used to determine new business contribution.
2 New business contribution is after the effect of required capital. The effect of required capital represents the impact of holding the required capital (expressed as a % of minimum European Union (EU) solvency margin or equivalent for non-EU operations) and discounting to present value the projected future releases from the required capital to shareholders.
3 New business contribution after the effect of required capital includes minority interests in 2006 of £109 million (9 months to 30 September 2005: £83 million). This comprises minority interests in France of £11 million (9 months to 30 September 2005: £8 million), Ireland £3 million (9 months 2005: nil), Italy £20 million (9 months 2005: £17 million), Spain £66 million (9 months 2005: £52 million), Poland £3 million (9 months 2005: £1 million) and Netherlands £6 million (9 months to 30 September 2005: £5 million).
4 New business margin represents the ratio of new business contribution after the effect of required capital to PVNBP, expressed as a percentage.

(c) After the effect of required capital, minority interest, and tax

	Present value of new business premiums[1]		New business contribution[2]		New business margin[3]		
	9 months 2006 £m	9 months 2005 £m	9 months 2006 £m	9 months 2005 £m	9 months 2006	9 months 2005	Full year 2005
United Kingdom	**8,791**	**6,686**	**144**	**117**	**1.6%**	**1.7%**	**1.7%**
Continental Europe	*6,525*	*6,261*	*118*	*106*	*1.8%*	*1.7%*	*1.9%*
Rest of the World	*1,072*	*896*	*21*	*15*	*2.0%*	*1.7%*	*2.0%*
International	**7,597**	**7,157**	**139**	**121**	**1.8%**	**1.7%**	**1.9%**
Attributable to equity shareholders	**16,388**	**13,843**	**283**	**238**	**1.7%**	**1.7%**	**1.8%**
Analysed between:							
Bancassurance channels	3,246	2,382	88	64	2.7%	2.7%	2.9%
Other distribution channels	13,142	11,461	195	174	1.5%	1.5%	1.6%
	16,388	**13,843**	**283**	**238**	**1.7%**	**1.7%**	**1.8%**

1 PVNBP is stated after deducting minority interest.
2 Contribution stated after deducting cost of required capital, tax and minority interest.
3 New business margin represents the ratio of new business contribution after deducting cost of required capital, tax and minority interest to PVNBP after deducting the minority share, expressed as a percentage.

Detailed worldwide long-term savings new business analysis

	Single			Regular			PVNBP
	9 months 2006 £m	9 months 2005 £m	Local currency growth[1]	9 months 2006 £m	9 months 2005 £m	Local currency growth [1]	Local currency growth [1]
United Kingdom							
Individual pensions	1,650	924	79%	295	183	61%	71%
Group pensions	447	388	15%	69	62	11%	16%
Annuities	1,161	1,240	(6)%	-	-	-	(6)%
Bonds	2,532	1,860	36%	-	-	-	36%
Protection	196	189	(4)%	126	103	22%	15%
Equity release	235	278	(16)%	-	-	-	(16)%
Total life and pensions	**6,221**	**4,879**	**28%**	**490**	**348**	**41%**	**31%**
Peps/Isas/UTs/Oeics	1,645	840	96%	28	15	87%	96%
	7,866	**5,719**	**38%**	**518**	**363**	**43%**	**39%**
France							
Euro funds [2]	1,338	1,392	(4)%	7	10	(30)%	(5)%
Unit-linked funds	1,019	863	18%	34	29	17%	19%
Protection business	2	2	-	16	16	-	1%
	2,359	**2,257**	**5%**	**57**	**55**	**4%**	**5%**
Ireland							
Life and savings	379	105	261%	26	12	117%	201%
Pensions	186	175	6%	47	33	42%	18%
	565	**280**	**102%**	**73**	**45**	**62%**	**79%**
Italy							
Life and savings	1,654	1,538	8%	65	45	44%	13%
	1,654	**1,538**	**8%**	**65**	**45**	**44%**	**13%**
Netherlands (including Germany, Belgium & Luxembourg)							
Life	268	442	(39)%	62	81	(24)%	(29)%
Pensions	554	598	(7)%	51	52	(2)%	(4)%
Total life and pensions	**822**	**1,040**	**(21)%**	**113**	**133**	**(15)%**	**(16)%**
Unit trusts	238	281	(15)%	-	-	-	(15)%
	1,060	**1,321**	**(20)%**	**113**	**133**	**(15)%**	**(16)%**
Poland							
Life and savings	105	40	150%	21	16	28%	70%
Pensions	60	27	115%	15	10	50%	66%
Total life and pensions	**165**	**67**	**136%**	**36**	**26**	**36%**	**68%**
Mutual funds	84	34	139%	3	2	45%	134%
	249	**101**	**137%**	**39**	**28**	**37%**	**77%**
Spain							
Life and savings	698	797	(12)%	50	46	9%	(8)%
Pensions	162	129	26%	22	21	5%	12%
	860	**926**	**(7)%**	**72**	**67**	**8%**	**(4)%**
Other Europe							
Life and pensions	59	65	(10)%	42	31	35%	17%
UCITS	382	325	18%	-	-	-	18%
	441	**390**	**13%**	**42**	**31**	**35%**	**18%**
Rest of the World							
Asia	204	80	150%	55	37	48%	76%
Australia	124	152	(17)%	27	32	(15)%	(15)%
United States	385	333	14%	5	15	(67)%	3%
Life and pensions	**713**	**565**	**25%**	**87**	**84**	**4%**	**19%**
Unit trusts	170	176	(2)%	-	-	-	(2)%
Navigator	1,040	668	55%	-	-	-	55%
	1,923	**1,409**	**37%**	**87**	**84**	**4%**	**45%**
Aviva International							
Life and pensions	7,197	6,738	7%	545	487	12%	8%
Total investments	1,914	1,484	30%	3	2	45%	30%
	9,111	**8,222**	**11%**	**548**	**489**	**12%**	**11%**
Total long-term savings	**16,977**	**13,941**	**22%**	**1,066**	**852**	**25%**	**22%**
Analysed between:							
Life and pensions	13,418	11,617	15%	1,035	835	24%	18%
Investment sales	3,559	2,324	54%	31	17	82%	554%
	16,977	**13,941**	**22%**	**1,066**	**852**	**25%**	**22%**

1 Growth rates are calculated based on constant rates of exchange.
2 Euro funds are savings that receive an annual bonus declaration, based on the investment performance of the underlying funds.

Analysis of UK long-term savings by distribution channel

	Single			Regular			Annual premium equivalent [2]	
	9 months 2006 £m	9 months 2005 £m	Local currency growth [1]	9 months 2006 £m	9 months 2005 £m	Local currency growth [1]	9 months 2006 £m	Local currency growth [1]
IFA								
- life & pension products	4,541	3,586	27%	384	275	40%	838	34%
- investment products	1,205	449	168%	-	-	-	121	169%
	5,746	**4,035**	**42%**	**384**	**275**	**40%**	**959**	**41%**
Bancassurance partnership with RBSG								
- life & pension products	501	365	37%	46	17	171%	96	80%
- investment products	106	65	63%	28	14	100%	39	88%
	607	**430**	**41%**	**74**	**31**	**139%**	**135**	**82%**
Other partnerships and Direct								
- life & pension products	1,179	927	27%	60	56	7%	178	20%
- investment products	334	327	2%	-	1	-	33	(1)%
	1,513	**1,254**	**21%**	**60**	**57**	**5%**	**211**	**16%**
Total UK long-term savings	**7,866**	**5,719**	**38%**	**518**	**363**	**43%**	**1,305**	**40%**

1 Growth rates are calculated based on constant rates of exchange.
2 Annual premium equivalent (APE) is the UK industry's standard measure of new regular premiums plus 10% of single premiums.

Analysis of France long-term savings by fund

	Single			Regular			PVNBP
	9 months 2006 £m	9 months 2005 £m	Local currency growth [1]	9 months 2006 £m	9 months 2005 £m	Local currency growth [1]	Local currency growth [1]
AFER							
- Euro funds[2]	860	954	(10)%	-	-	-	(10)%
- Unit-linked funds	392	276	42%	-	-	-	42%
	1,252	**1,230**	**2%**	**-**	**-**	**-**	**2%**
Bancassurance partnership with Crédit du Nord							
- Euro funds	325	266	22%	3	3	-	21%
- Unit-linked funds	230	194	19%	13	13	-	13%
- Protection	1	1	-	1	1	-	50%
	556	**461**	**21%**	**17**	**17**	**-**	**17%**
Other							
- Euro funds	153	172	(11)%	4	7	(43)%	(19)%
- Unit-linked funds	397	393	1%	21	16	31%	10%
- Protection	1	1	-	15	15	-	(2)%
	551	**566**	**(3)%**	**40**	**38**	**5%**	**1%**
Total France long-term savings	**2,359**	**2,257**	**5%**	**57**	**55**	**4%**	**5%**

1 Growth rates are calculated based on constant rates of exchange.
2 Euro funds are savings that receive an annual bonus declaration, based on the investment performance of the underlying funds.

Principal economic assumptions – deterministic calculations

Economic assumptions are derived actively, based on market yields on risk-free fixed interest assets at the end of each reporting period. The same margins are applied on a consistent basis across the Group to gross risk-free yields to obtain investment return assumptions for ordinary shares and property and to produce risk discount rates. Expense inflation is derived as a fixed margin above a local measure of long-term price inflation. Risk-free rates and price inflation have been harmonised across territories within the Euro currency zone, except for expense inflation in Ireland where significant differences remain. Required capital is shown as a multiple of the EU statutory minimum solvency margin.

Investment return assumptions are generally derived by major product class, based on hypothecating the assets at the valuation date. Assumptions about future investment mix are consistent with long-term plans. In most cases, the investment mix is assumed to continue unchanged throughout the projection period. The changes in assumptions between reporting dates reflect the actual movements in risk-free yields in the United Kingdom, the Eurozone and other territories. The principal economic assumptions used are as follows:

	United Kingdom		France	
	2005	2004	2005	2004
Risk discount rate	6.8%	7.3%	6.0%	6.4%
Pre-tax investment returns:				
Base government fixed interest	4.1%	4.6%	3.3%	3.7%
Ordinary shares	7.1%	7.6%	6.3%	6.7%
Property	6.1%	6.6%	5.3%	5.7%
Future expense inflation	3.2%	3.3%	2.5%	2.5%
Tax rate	30.0%	30.0%	34.4%	34.9%
Required capital (% EU minimum)	150% / 100%	200% / 100%	115% / 100%	115% / 100%

	Ireland		Italy	
	2005	2004	2005	2004
Risk discount rate	6.0%	6.4%	6.0%	6.4%
Pre-tax investment returns:				
Base government fixed interest	3.3%	3.7%	3.3%	3.7%
Ordinary shares	6.3%	6.7%	6.3%	6.7%
Property	5.3%	5.7%	5.3%	5.7%
Future expense inflation	4.0%	4.0%	2.5%	2.5%
Tax rate	12.5%	12.5%	38.3%	38.3%
Required capital (% EU minimum)	150%	150%	115%	115%

	Netherlands		Poland	
	2005	2004	2005	2004
Risk discount rate	6.0%	6.4%	8.6%	9.7%
Pre-tax investment returns:				
Base government fixed interest	3.3%	3.7%	4.9%	6.0%
Ordinary shares	6.3%	6.7%	7.9%	9.0%
Property	5.3%	5.7%	n/a	n/a
Future expense inflation	2.5%	2.5%	3.3%	3.4%
Tax rate	29.1%	31.5%	19.0%	19.0%
Required capital (% EU minimum)	150%	150%	150%	150%

	Spain	
	2005	2004
Risk discount rate	6.0%	6.4%
Pre-tax investment returns:		
Base government fixed interest	3.3%	3.7%
Ordinary shares	6.3%	6.7%
Property	5.3%	5.7%
Future expense inflation	2.5%	2.5%
Tax rate	35.0%	35.0%
Required capital (% EU minimum)	125% / 110%	125% / 110%

For service companies, expense inflation relates to the underlying expenses rather than the fees charged to the life company. Future returns on corporate fixed interest investments are calculated from prospective yields less an adjustment for credit risk. Required capital in the United Kingdom is 150% EU minimum for Norwich Union Annuity Limited and 100% for other companies. Required capital in Spain is 125% EU minimum for Aviva Vida y Pensiones and 110% for bancassurance companies.

Aviva plc is a company registered in England No. 2468686.
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