News release

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13 July 2006

AVIVA ACQUIRES AMERUS, LAUNCHES £900 MILLION EQUITY PLACING AND ANNOUNCES STRONG TRADING FOR FIRST HALF

Aviva plc ("Aviva"), the world's fifth[1] largest insurance and investment group, today announces that it has agreed to acquire AmerUs Group Co. ("AmerUs") in a transaction recommended by the Board of AmerUs, for approximately $2.9 billion[2] (£1.6 billion) in cash, financed by a £900 million equity placing, internal resources and external debt.

Aviva also announces a strong trading performance for the first half of the current financial year.

Highlights

- The acquisition of AmerUs will transform Aviva's US business, establishing a leading position in a high-growth segment of the world's largest savings market
- Aviva H1 2006 EEV operating profit will not be less than £1.65 billion (2005: £1,318 million); worldwide life and pensions sales growth is broadly in line with Q1 (up 20% at Q1 2006); interim dividend expected to be around 10% higher compared with H1 2005
- AmerUs is a leader in the high-growth US equity-indexed market, ranking #1 in sales of equity-indexed life insurance and #3 in sales of equity-indexed annuities, with $1.6 billion of revenues and $327 million of operating income before tax in 2005[3]
- With earnings increasing by 27% CAGR over the last 5 years and growing margins, AmerUs fits with Aviva's strategy of targeting profitable growth in the US, European, and Asian long-term savings markets
- AmerUs will be merged with Aviva USA and the combined team will be led by Tom Godlasky, CEO of AmerUs. The headquarters will be in Des Moines, Iowa, and the combined business will be called Aviva
- Aviva will pay $69 in cash per share of AmerUs, a 10% premium to the closing price on 6 July 2006[4], which represents 12.5x the estimated earnings per

share[5,6] of AmerUs in 2007, 1.7x the adjusted book value[7,8] of AmerUs (as at 31 March 2006) and 1.9x the estimated European Embedded Value[7, 9] of AmerUs (as at 31 December 2006)

- Aviva anticipates annual pre-tax cost savings of approximately $45 million[10]. Significant revenue benefits will be realised from the enhanced distribution platform and the superior financial strength and ratings of Aviva

- Aviva expects the transaction to be accretive to Group IFRS and EEV operating earnings per share by 2007 and 2008[6,9], respectively, and to have an annual post-tax return on investment of over 10%[10,11] by 2009

- The acquisition will be financed partly by a £900 million underwritten placing of new Aviva shares, further details of which are being separately announced today, and the balance from internal resources and external debt

Richard Harvey, Group Chief Executive of Aviva said:

“I’m pleased to announce both a strong trading update and an important strategic move to transform our US business with the acquisition of AmerUs.

“AmerUs is a well-managed, innovative and fast-growing business. This acquisition establishes a leadership position within a key segment of the world’s largest long-term savings market. In a single move the combination of AmerUs’ national distribution networks and the resources and expertise of Aviva, provides the platform for significant profitable growth in the US.”

Thomas Godlasky, Chief Executive Officer of AmerUs said:

"We are looking forward to joining forces with one of the world’s leading insurers. With the support and financial strength of Aviva, we will be able to further enhance the growth opportunities of our combined operations and take the new business to the next level."

Trading update for Aviva

The directors of Aviva expect that, for the half-year ended 30 June 2006, EEV operating profit before tax will be not less than £1.65 billion (2005: £1,318 million) and IFRS operating profit before tax will be not less than £1.35 billion (2005: £943 million).

Aviva’s life and pensions new business sales growth and margins are expected to be broadly in line with those achieved for the first quarter of 2006. Aviva reported life and pensions new business sales up 20% to £6,788 million on a PVNBP basis with margins of 3.5%, in the first quarter of 2006.

Aviva’s general insurance operations are expected to deliver a combined operating ratio (“COR”) below 93%, ahead of its stated target of 98%, and reflects favourable weather related claims experience in the UK which contributed an estimated £125 million to the underwriting performance. Aviva reported a COR of 95% for the half-year ended 30 June 2005.

The 2006 interim dividend will be announced at the same time as the half year results and will be an increase of around 10% compared to the 2005 interim dividend.

Aviva will disclose its results for the half-year ended 30 June 2006 in full on 9 August 2006.

Trading update for AmerUs

AmerUs today announced its second quarter sales results for 2006:

"The company reported its annuity sales were $625.7 million, up 21 percent over first quarter of 2006. Sales of life insurance products were $33.3 million, up 12 percent over first quarter of 2006.

The company also reported that, while it is still working to finalize second quarter earnings results, it believes adjusted net operating income results will be in line with First Call mean estimates."

NEWSWIRES: There will be a conference call today for wire services at 07:45 hrs (BST) on +44 (0)20 7162 0125 Quote: Aviva, Richard Harvey

ANALYSTS: A conference call with investors and analysts will take place at 08:30 hrs (BST). The dial-in number is 020 7162 0025 for participants in the United Kingdom and +44 (0)20 7162 0025 for international participants. A remote replay will be available for 15 days from 13 July 2006 until midnight on 28 July 2006 on +44 (0)20 7031 4064. The access code for the replay is 712652. A slide presentation and a replay of the conference call will also be accessible on the Aviva Group website www.aviva.com later today.

Strategic rationale

The acquisition of AmerUs establishes a leading presence for Aviva in selected high-growth segments of the US retirement and savings markets, providing an excellent fit with Aviva's strategy. Aviva will gain a leading position in the fast growing equity-indexed annuity market, a core US tax-deferred savings product, which currently represents only 13% of the individual annuity market. In a single, financially attractive move, Aviva's US presence will expand four-fold and will represent 9% of Aviva Group's life and pensions PVNBP in 2005, on a pro forma basis, providing further geographical diversification.

Positioned for growth in the United States

Aviva considers the US retirement and savings market to be strategically attractive. With an estimated $13 trillion of retirement assets, the US is expected to continue to be the single largest savings market over the next decade, representing more absolute growth in life and pension products than any other region of the world. Driving this growth is the expected retirement of approximately 77 million "Baby Boomers". These favourable demographic trends have already contributed to increased market sales of equity-indexed annuities from just over $5 billion in 2000 to $27 billion in 2005, representing a compound annual growth rate of 39%. As a result of this transaction, the combined business will be well positioned to benefit from continued growth.

Delivering profitable growth

As a leading provider of equity-indexed life and annuity products to this market segment in the United States, AmerUs has an enviable track record of sustained growth, operating from an efficient and scalable platform. Net income has increased from $72.9 million in 2001 to $188.8 million in 2005, representing a compound annual growth rate of 27%. AmerUs' business model is capital efficient with short product payback periods, and attractive new business profitability, which delivered an unlevered IRR of 12% for annuities and 14% for life product sales in 2005, respectively[12].

Enhanced distribution and financial strength to accelerate growth

The combination of Aviva and AmerUs is expected to offer significant revenue opportunities. The new company will benefit from significantly broader distribution. Aviva USA currently distributes its products via a network of 5,500 independent agents, specialist brokers and bank distribution agreements. AmerUs sells its products through a broad-based distribution system with national scale. Proprietary distribution represented 83% of its annuity sales in 2005. Life products are marketed through diversified channels. Aviva believes that there is a compelling case for the new company to be rated A+ by A.M. Best, in line with Aviva USA's current A.M Best rating, which will improve access to additional distribution.

Management and organisation

The new combined organisation will be led by Tom Godlasky, current AmerUs CEO, with senior management drawn from AmerUs and Aviva USA. The management team for the new organisation has proven industry expertise and a strong track record. The business will be headquartered in Des Moines, Iowa, the current headquarters of AmerUs. The combined business will be called Aviva.

Financial impact

Aviva and AmerUs have entered into a definitive merger agreement which offers AmerUs shareholders $69 per share in cash. This values AmerUs at approximately $2.9 billion[2] (£1.6 billion), and represents a premium of 10% to its closing price on 6 July 2006[4].

The purchase price represents 12.5x the estimated earnings per share[5,6] of AmerUs in 2007 and 1.7x the adjusted book value[7,8] of AmerUs as at 31 March 2006 (both stated on a US GAAP basis) and 1.9x estimated European Embedded Value[7,9] as of 31 December 2006.

The merger of AmerUs with Aviva USA is expected to generate annual cost savings of $45 million[10] before tax by 2008. These savings will arise from the elimination of duplicate operations and reduced corporate overhead. Integration costs are expected to be approximately $50 million before tax.

Aviva expects the acquisition to be accretive to IFRS and EEV operating earnings per share by 2007 and 2008[6,9], respectively, including synergies. The post-tax return on investment is anticipated to be over 10%[10,11] by 2009, based on EEV operating earnings after tax including synergies.

Financing of the acquisition

Cash consideration for the entire share capital of AmerUs is approximately $2.9 billion[2], and in addition Aviva will assume approximately $700 million of AmerUs debt and preferred stock. Aviva intends to raise approximately £900 million ($1.7 billion) from an underwritten placing of new ordinary Aviva shares. The placing represents approximately 45% of the aggregate transaction value and approximately 5% of the issued ordinary share capital of Aviva. The remaining funding requirement will be sourced from Aviva's internal resources and external debt. Further details of the placing have been separately announced by Aviva today.

Closing and other conditions

The acquisition, which will be effected through a statutory merger in the United States, is subject to approval by a majority of AmerUs' common shareholders present and voting at a meeting thereof to be convened as soon as practicable, and certain conditions including customary insurance and other regulatory consents. The transaction is expected to close by the end of the fourth quarter of 2006.

The parties have agreed that AmerUs will make a payment to Aviva of $90 million if the merger agreement is terminated in specified circumstances, including the withdrawal of the recommendation of the transaction by the AmerUs board, or the acceptance of a competing bid by the AmerUs board, or the rejection of the transaction by AmerUs' shareholders following a bid for AmerUs by a third-party.

ENQUIRIES:

Aviva plc

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Financial Advisers and Brokers

JPMorgan Cazenove Limited, Lazard & Co., Limited and Morgan Stanley & Co. Limited are acting as joint financial advisers to Aviva. Hoare Govett Limited, JPMorgan Cazenove Limited and Morgan Stanley & Co. International Limited are acting as joint bookrunners and joint brokers to the Placing.

This announcement contains statements about Aviva and AmerUs that are or may be forward looking statements. All statements other than statements of historical facts included in this announcement may be forward looking statements. Without limitation, any statements preceded or followed by or that include the words "targets", "plans", "believes", "expects", "aims"," intends", "will", "may", "anticipates", "estimates", "projects", "assumes", "seeks", "predicts", "would", "should", "possibly", "potential" or, words or terms of similar substance or the negative thereof, are forward looking statements. Forward looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of Aviva's or AmerUs' operations and potential synergies resulting from the acquisition; and (iii) the effects of government regulation on Aviva's or AmerUs' business.

Such forward looking statements involve risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors could cause actual results to differ materially from those projected or implied in any forward looking statements. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward looking statements, which speak only as of the date hereof. Aviva disclaims any obligation to update any forward looking or other statements contained herein, except as required by applicable law.

Appendix 1: Further Information on AmerUs Group

AmerUs Group, headquartered in Des Moines, Iowa, was founded in 1896 as a mutual insurer. It completed its initial public offering in 1997 and fully demutualised in 2000. Its shares are traded on the New York Stock Exchange under the ticker symbol "AMH" and its website is www.amerus.com. AmerUs has $24.7 billion of total assets and $1.7 billion of shareholders' equity, as 31 March 2006.

AmerUs offers a range of protection and accumulation products, which in 2005 contributed approximately 47% and 53% of pre-tax operating income, respectively. The company is among the 20 largest fixed life insurers and annuity providers in the United States, and over the past several years it has increasingly focused its operations and capitalised on the high-growth opportunities within the equity-indexed product space.

AmerUs is the third largest underwriter of equity-indexed annuity products in the United States, with a market share of approximately 9% in 2005. Equity-indexed annuities provide customers minimum guaranteed benefits from their savings account and the potential for higher returns based on the performance of an index, typically the S&P 500. Deposits for equity-indexed annuity products represented approximately 91% of AmerUs' total accumulation annuity product deposits in 2005, and have grown from $1.3 billion in 2003 to $2.4 billion in 2005 at a compound annual growth rate of 35%.

AmerUs is the leading underwriter of equity-indexed life insurance in the United States, with a market share of approximately 50% in 2005. Equity-indexed life insurance provides flexible protection and savings benefits. As with equity-indexed annuities, customers have the potential for higher returns from their savings fund based on the performance of an index. Sales of equity-indexed life products represented approximately 80% of AmerUs' total protection product sales in 2005, and have grown from $51.6 million in 2003 to $94.1 million in 2005, a compound annual growth rate of 35%.

Biography of Thomas Godlasky, Chief Executive Officer of AmerUs

Tom Godlasky is Chairman, President, Chief Executive Officer of AmerUs Group. Mr. Godlasky joined AmerUs Group in 1995, and was appointed to the board and the position of president and chief operating officer of AmerUs Group in November 2003.

Mr. Godlasky received a bachelor of science degree in urban and regional planning from Indiana University of Pennsylvania and holds a master's degree in public administration from the University of Pittsburgh. He is a graduate of Harvard Business School's Advanced Management Program and is a Chartered Financial Analyst.

Financial information on a US-GAAP basis extracted from AmerUs' 31 December 2005 10-K report (audited) and 31 March 2006 10-Q report (audited) is provided below.

Selected Financial Data $ in millions, except share data	As of or for the Year Ended December 31,			As of or for the Three Months Ended March 31,	
	2003	2004	2005	2005	2006
Summary Income Statement:					
Total revenues	1,653.5	1,590.1	1,615.2	353.9	470.4
Benefits and expenses	1,384.1	1,329.8	1,303.5	282.9	340.2
Income from continuing operations	269.4	260.3	311.7	71.0	130.2
Net income from cont. operations available to common shareholders	160.6	189.2	191.2	61.5	78.2
Net income from continuing operations available to common shareholders per common share:					
Basic	4.10	4.81	4.84	1.55	2.02
Diluted	4.05	4.60	4.43	1.43	1.86
Dividends per common share	0.40	0.40	0.40	NM	NM
Summary Balance Sheet:					
Total invested assets	17,984	19,186	20,037	19,153	19,773
Total assets	21,584	23,171	24,830	23,470	24,725
Notes payable	622	571	556	571	556
Total liabilities	20,174	21,547	23,128	21,879	23,070
Total stockholders' equity	1,410	1,624	1,702	1,591	1,654

Appendix 2: Further Information on Aviva Group

About Aviva Group

Aviva is the world's fifth[1] largest insurance group and the largest insurance services provider in the UK. The company is one of the leading providers of life and pension products in Europe and is actively growing its long-term savings businesses in Asian markets, Australia and the USA. Aviva's main activities are long-term savings, fund management and general insurance, with premium income and investment sales from continuing operations of £35 billion and £317 billion of assets under management as at 31 December 2005. Aviva has approximately 59,000 employees serving 30 million customers worldwide.

About Aviva USA

Aviva USA is a niche player in the US life and savings market. Aviva USA provides traditional, universal and term life products, as well as a range of annuities, including equity-indexed annuities, structured settlements and wealth transfer products. The company is headquartered in Boston, MA, has over $6.5 billion as of June 30, 2006 in assets under management and approximately 400 employees. It distributes via a network of 5,500 independent agents and specialist brokers and via distribution agreements with several leading banks (Washington Mutual Inc., M&T Bank Corporation, and HSBC plc). It has a strong growth track record with new business premiums growing by a compounded annual growth rate of 18% from 2000 to 2005 on a PVNBP basis.

END NOTES

[1] Based on worldwide gross written premiums in 2005.
[2] Based on fully diluted share count of 42.7 million, as of 7 July 2006. Assumes treasury method for PRIDES settlement.
[3] US GAAP. Pre-tax operating income represents total revenues less benefits and operating expenses, including $22.6 million of eliminations.
[4] Over the closing price of an AmerUs share of $62.51 on 6 July 2006, the day before Aviva confirmed it was in discussions with AmerUs.
[5] Based on mean Thomson Financial earnings per share estimate of $5.52 for fiscal year ending 31 December 2007; as of 6 July 2006.
[6] Save for the statements relating to the trading update for Aviva for the first six months of 2006, which include a profit estimate in relation to that period, nothing in this announcement should be construed as a profit forecast or be interpreted to mean that Aviva's future earnings per share, or those of the combined group, will necessarily match or exceed the historical published earnings of Aviva and/or AmerUs.
[7] Based on fully diluted share count as of 7 July 2006 of 44.8 million assuming gross method for PRIDES, and calculated pre transaction costs and other costs related to change of control.
[8] Book value based on US GAAP, adjusted for other comprehensive income and preferred stock.
[9] The statements that the acquisition is expected to be accretive to IFRS and EEV operating earnings per share by 2007 and 2008, respectively, relate to future actions and circumstances, which, by their nature, involve risks, uncertainties and other factors. These statements do not constitute a profit forecast and should not be interpreted to mean that earnings for that year or any subsequent financial period would necessarily match or be greater than those for any preceding financial period. AmerUs does not provide EEV or IFRS financial information, therefore all references to EEV figures and impact on EEV and IFRS operating earnings are based on Aviva management estimates.
[10] The expected cost savings have been calculated on the basis of the existing cost and operating structures of the Aviva and AmerUs groups. These statements of estimated cost savings and one-off costs for achieving them relate to future actions and circumstances which, by their nature, involve risks, uncertainties and other factors. Because of this, the cost savings referred to may not be achieved, or those achieved could be materially different from those estimated. This statement is not intended to be a profit forecast and should not be interpreted to mean that the earnings per share in 2006 or in any subsequent financial period, would necessarily match or be greater than those for the relevant preceding financial period.
[11] The basis for return on investment includes all integration and other costs related to change of control.
[12] Allowing for capital at 325% of the NAIC Company Action Level risk-based capital requirement.