

Sale of Abbey's UK and International Life Businesses to Resolution plc

Questions & Answers

1. What has been announced?

Abbey has announced to the Stock Exchange an agreement for Resolution to buy Abbey's life businesses. The transaction is likely to complete in August and remains subject to regulatory approval.

Resolution, a company that specialises in the ownership and administration of in force funds over the long-term, has conditionally agreed to buy Scottish Mutual Assurance plc, Scottish Provident Limited and Abbey National Life plc as well as Abbey's two international businesses operating from Dublin and the Isle of Man: Scottish Mutual International plc and Scottish Provident International Life Assurance Limited. Abbey and Resolution have also entered into a number of exclusive distribution agreements in respect of the UK business.

There are no immediate changes because of today's announcement. Resolution will continue to operate the life operations from the existing Abbey premises in Dublin, the Isle of Man and Glasgow.

2. Will the deal result in any changes to my clients' or IFA terms and conditions?

There will be no change to your clients', or your own, terms and conditions as a result of this deal.

3. Will all existing With Profit policyholders be treated equally?

Yes. Policies will be managed in accordance with the relevant Customer Friendly Principles and Practices of Financial Management.

4. Why has Abbey sold now when only four months ago it said it was managing these businesses for value?

At that time Abbey was managing its businesses for value. It was not marketing or promoting a sale. However, no business can ever say never. Abbey had a number of serious and exceptional approaches for the business. It believes the deal with Resolution will create greater value for Abbey in the medium and long term than through continuing to manage the life businesses in-house.

5. What are the key dates between now and completion?

Abbey and Resolution have a lot of work to do between now and completion. Resolution also needs to obtain its shareholders' approval. It is Abbey's intention to provide regular updates to some of its stakeholders but only when it is appropriate to do so.

6. Have you contacted policyholders about the announcement?

We have made no direct contact with policyholders as a result of our announcement but will write to policyholders after completion of the deal.