



# Lloyds TSB

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## **LLOYDS TSB ANNOUNCES THE SALE OF ABBEY LIFE TO DEUTSCHE BANK**

Lloyds TSB Group plc today announces that its subsidiary Scottish Widows plc has reached agreement to sell Abbey Life Assurance Company Limited ("Abbey Life") to Deutsche Bank AG for a cash consideration of £977 million, upon completion. This represents 104 per cent of Abbey Life's European Embedded Value ('EEV') (£941 million) as at 30 June 2007. Abbey Life's IFRS net assets at the same date totalled £673 million. Profit before tax from the sale, after costs, of approximately £290 million (tax: nil), less any accrued profits prior to completion, is expected to be recognised in Lloyds TSB Group's accounts for the year ended 31 December 2007. The transaction is conditional upon regulatory approval, with completion expected in the second half of 2007.

Abbey Life, a subsidiary of Scottish Widows, is a UK life operation which has been closed to new business since 2000. As at 31 December 2006, Abbey Life managed £12 billion of assets in respect of 1.2 million policies. In the year ended 31 December 2006, Abbey Life's attributable profit, on an IFRS basis, was £76 million.

Scottish Widows Investment Partnership has entered into a ten year agreement to continue to manage Abbey Life's funds.

Eric Daniels, Group Chief Executive, Lloyds TSB Group commented:

"We conducted a review of Abbey Life and came to the conclusion that a sale of the business is in the best interest of the Group, as well as Abbey Life's policyholders and staff.

We expect the proceeds of the sale, net of costs, to be distributed from Scottish Widows to Lloyds TSB Group in line with Lloyds TSB's objective to continue to improve its capital efficiency."

Lehman Brothers and Morgan Stanley acted as financial advisers to Lloyds TSB on this transaction.

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**FORWARD LOOKING STATEMENTS**

This announcement contains forward looking statements with respect to the business, strategy and plans of the Lloyds TSB Group and its current goals and expectations relating to its future financial condition and performance. Statements that are not historical facts, including statements about Lloyds TSB Group's or management's beliefs and expectations, are forward looking statements. By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Lloyds TSB Group's actual future results may differ materially from the results expressed or implied in these forward looking statements as a result of a variety of factors, including UK domestic and global economic and business conditions, risks concerning borrower credit quality, market related risks such as interest rate risk and exchange rate risk in its banking businesses and equity risk in its insurance businesses, inherent risks regarding changing demographic developments, catastrophic weather and similar contingencies outside Lloyds TSB Group's control, any adverse experience in inherent operational risks, any unexpected developments in regulation or regulatory actions, changes in customer preferences, competition, industry consolidation, acquisitions and other factors. For more information on these and other factors, please refer to Lloyds TSB Group's Annual Report on Form 20-F filed with the US Securities and Exchange Commission and to any subsequent reports furnished by Lloyds TSB Group to the US Securities and Exchange Commission or to the London Stock Exchange. The forward looking statements contained in this announcement are made as of the date hereof, and Lloyds TSB Group undertakes no obligation to update any of its forward looking statements.