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THIRD ACQUISITION FOR SCOTTISH FRIENDLY

Scottish Friendly has seen off stiff competition to be selected as the exclusive partner to take over the 'book of business' of London Aberdeen & Northern Mutual Assurance Society (LANMAS), the Leicester-based group that closed to new business in 2001.

LANMAS has assets under management of around £37 million¹ and 6,000 policyholders, with products ranging from unitised with-profits and unit linked bonds to regular premium term assurance contracts.

Following approval by the High Court the transaction was concluded on 1 January 2008.

This marks the third acquisition by Scottish Friendly over the past nine months following the takeover of Scottish Legal Life in September, and the transfer of the life book of Pioneer Life, the Wiltshire-based income and protection specialist, in May.

Richard Gough, Chief Executive of LANMAS, said: "It was important for us to seek out a strong, financially sound partner that would enable our existing policyholders to benefit from being part of a larger organisation.

"We selected Scottish Friendly because, in addition to its strong solvency position, its excellent and cost-effective back office will enable the absorption of our book of business with minimum disruption. We were also impressed by Scottish Friendly's performance in the recent ABI customer service survey so we are sure that this is the right move for our policyholders in terms of service as well as cost."

Fiona McBain, Chief Executive of Scottish Friendly, added: "This is another great result for Scottish Friendly, and further testament to the efficiency of our award-winning back-office. I am confident that this transfer will be advantageous for LANMAS policyholders who will benefit from Scottish Friendly's acclaimed service record and our low cost base."

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Notes to Editors

The Aberdeen and Northern Friendly Society merged with the Hearts of Oak Benefit Collecting Society in 1973 and subsequently, in 1976, became the mutual company, LANMAS.

In September, Scottish Friendly won a National Business Award for Scotland for '*Best Use of Technology in Business*'.