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SCOTTISH WIDOWS EXTENDS PROTECTION DISTRIBUTION THROUGH VIRGIN MONEY PARTNERSHIP

Scottish Widows has today announced a new partnership with Virgin to market life insurance and a new cancer insurance product under the Virgin Money brand. Scottish Widows will administer the plans.

The strategic partnership with Virgin Money is part of Scottish Widows' long term strategy to secure a greater breadth of distribution for its protection products.

Archie Kane, chief executive of Scottish Widows, comments: "Scottish Widows is always interested in alliances that make good business sense and have a great brand fit. The deal with Virgin Money epitomises this exactly. The Virgin brand is strong and has the power to access a different target audience from the traditional Scottish Widows customer base.

"Scottish Widows has a successful IFA business which we are firmly committed to alongside our Bancassurance distribution. However, we believe that multi-channel distribution is the right strategy for Scottish Widows' future growth and strategic alliances are also an important part of this approach."

Sir Richard Branson said: "Scottish Widows was the natural choice to underwrite the products we were looking to offer. They understand our brand, the protection market and the type of products we want to create. They have the flexibility and expertise to provide what will be a truly innovative product for this marketplace."

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The new Virgin Money cancer insurance will be called *Virgin Cancer Cover* and be marketed as 'The Big V' – to help people combat 'The Big C'. The plan pays out a lump sum on diagnosis of almost all cancers or on death or terminal illness. The payment size depends on the stage at which the cancer is diagnosed, starting at 10% of the sum assured for early diagnosed cases, 25% for intermediate cases and 100% for advanced cases.

Virgin Money will sell *Virgin Cancer Cover* directly to the consumer over the telephone or through the internet.

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NOTES TO EDITORS

- Virgin Money is Virgin's financial services arm and was established in 1995.
 - Virgin Money has over 1 million customers and offers a wide range of financial products across lending (e.g. credit cards and personal loans), savings (e.g. deposits, investments and pensions) and protection (e.g. life assurance, household and car insurance) to the UK market.
 - The launch of Virgin Money Cancer Cover will see customers save up to 45%¹ compared to an average critical illness quote. This has been achieved with a severity based approach to cover.
 - Virgin Cancer Cover protects men and women and features staged payments.
 - The staged payments allow a quicker payout of cash upon diagnosis of cancer. The cover will pay a lump sum benefit of up to £500,000, to spend on whatever they choose, which offers individuals and their families a way to help maintain and protect their financial quality of life while better enabling them to focus on their treatment and recovery.
- Stage 1 (early cancer) – We will pay out 10% of the amount of sum assured in the event of diagnosis of an early stage cancer.
 - Stage 2 (intermediate cancer)– We will pay out 25% of the sum assured, less any early cancer payment related to the same cancer (e.g. 25% is reduced to 15% if a stage 1 claim has already been made).
 - Stage 3 (advanced cancer) – We will pay out 100% or any remaining balance (e.g. 100% reduced to 75% of the sum assured if a stage 1 and/or stage 2 claim has already been made).

¹ source: Moneyfacts December 2005

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An ISDN line is available for broadcasts.