

PRESS RELEASE

30th January 2007

LIVERPOOL VICTORIA TO ACQUIRE BRITANNIA RESCUE FROM csma

Liverpool Victoria Friendly Society ("Liverpool Victoria") has announced today that it has entered into a conditional agreement to acquire Britannia Rescue from the Civil Service Motoring Association ("csma"), subject to csma member approval and regulatory approval.

The key features of the proposed transaction are as follows:

- The total value of the transaction is estimated to be approximately £36 million, of which £18 million will be paid in cash to csma on completion. The transaction will also release an estimated £8 million of value currently held within the existing underwriting vehicle, which will be retained by csma.
- Liverpool Victoria will become the preferred provider of roadside rescue and recovery services to csma members.
- Liverpool Victoria will remain the preferred supplier of insurance and other financial services products to csma members.
- The transaction is conditional on approval by the members of csma at an Extraordinary General Meeting to be held on 20th March 2007. A Circular setting out details of the proposed sale is expected to be posted in February to csma members.
- The transaction is expected to be completed in early April.
- The transaction will be achieved through the acquisition by Liverpool Victoria of the entire issued share capital of Motoring & Leisure Services Limited, the wholly owned subsidiary of csma that owns and operates Britannia Rescue.

Britannia Rescue is the UK's fourth largest roadside rescue provider with approximately 300,000 customers. Britannia Rescue reaches around 50% of breakdowns within 30 minutes and 92% within one hour, one of the best performance records in the industry. In 2006 it was named 'best buy' for road rescue services for the third consecutive time by the UK's leading consumer research organisation.

The transaction is further evidence of Liverpool Victoria's stated ambition to grow its general insurance business over the next five years. This follows the friendly society's acquisition last September of a new general insurance management team, headed by John O'Roarke, former Managing Director of Churchill Insurance.

Mike Rogers, Group Chief Executive of Liverpool Victoria, said: "This acquisition is an excellent opportunity for us to broaden the range of products we offer to our customers, with the addition of a market leading and excellent value road rescue offering. We already offer Britannia Rescue services to our motor insurance customers.

"We plan to invest in the Britannia Rescue brand to build awareness and market share of direct business. We will also offer greater choice in the market to brokers and to our existing and potential corporate partners, as a provider of competitive white-label road rescue services.

"We are also very attracted by the prospect of deepening our financial services partnership with csma, which goes back over 80 years."

Geoffrey Eteson, Chairman of csma, commented: "Having considered all the options, the Association Board decided that an outright sale of Britannia Rescue was the best option for csma, its members, its employees and the Britannia Rescue business itself.

"The sale of Britannia Rescue to Liverpool Victoria will allow csma members to continue to benefit from roadside rescue and recovery services on preferential terms from a fellow mutual organisation, which shares csma's values of customer service, product quality and treating members fairly."

Fenchurch Advisory Partners Limited is acting as financial adviser to Liverpool Victoria. KPMG Corporate Finance is acting as financial adviser to csma.

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Notes to editors:

Liverpool Victoria

Liverpool Victoria is the UK's largest friendly society and has more than 2.5 million members and customers, who trust it to look after over £8 billion on their behalf. Liverpool Victoria provides a broad range of financial services including savings, investments, life insurance, home and motor insurance to customers throughout the United Kingdom. Liverpool Victoria provides motor and household policies to over 1.2 million policyholders and generated £368 million of gross written premiums in the year to 31 December 2005.

csma

Since its foundation in 1923, csma has developed to become the UK's largest private home, motoring and leisure association. Being a non-profit motivated, mutual organisation means that csma is owned and run by its members, for its members, and any money made is invested back into member benefits.

csma offers a wide range of benefits to its members that are negotiated exclusively for csma, and developed with the aim of helping members to get more for their money, and more out of life.

Britannia Rescue

Britannia Rescue was founded in 1983 and is the 4th largest provider of roadside rescue and recovery services in the UK. It employs over 70 people in its operation centre in Huddersfield. Britannia Rescue operates around the clock through a network of over 3,000 specialist roadside technicians, all of whom are PAS 43 accredited. Developed through the British Standards Institution, PAS 43 sets out the minimum standards required for the safe working of vehicle breakdown and recovery operators. The aim is to improve the safety of customers and employees of the breakdown operator in breakdown and recovery situations.

The majority of Britannia Rescue's customers are acquired through affinity partnerships with organisations such as csma and trade unions. Britannia Rescue also has a strong retail brand and distributes direct to the public through its call centre in Huddersfield and online via www.britanniarescue.com.

Britannia Rescue offers three different levels of cover, all of which include nationwide recovery, free caravan and trailer cover, and assistance with windscreen and tyre replacement. Britannia Rescue's high standards of service, systems and professionalism are supported by its ISO9002 and 'Investor in People' awards.

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