



Standard Life

2006 Preliminary Results

22 March 2007

Disclaimer



This presentation may contain certain “forward-looking statements” with respect to certain of Standard Life’s plans and its current goals and expectations relating to its future financial condition, performance, results, strategy and objectives. Statements containing the words “believes”, “intends”, “expects”, “plans”, “seeks” and “anticipates”, and words of similar meaning, are forward-looking. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond Standard Life’s control including among other things, UK domestic and global economic and business conditions, market related risks such as fluctuations in interest rates and exchange rates, and the performance of financial markets generally; the policies and actions of regulatory authorities, the impact of competition, inflation, and deflation; experience in particular with regard to mortality and morbidity trends, lapse rates and policy renewal rates; the timing, impact and other uncertainties of future acquisitions or combinations within relevant industries; and the impact of changes in capital, solvency or accounting standards, and tax and other legislation and regulations in the jurisdictions in which Standard Life and its affiliates operate. This may for example result in changes to assumptions used for determining results of operations or re-estimations of reserves for future policy benefits. As a result, Standard Life’s actual future financial condition, performance and results may differ materially from the plans, goals, and expectations set forth in Standard Life’s forward-looking statements. Standard Life undertakes no obligation to update the forward-looking statements contained in this presentation or any other forward-looking statements it may make.

These EEV and IFRS results have been calculated for the year ended 31 December 2006 using assumptions to show the results which would have been attributable to shareholders had the company been owned by shareholders under the terms of the Scheme of demutualisation (the Scheme) throughout the year. The Scheme did not take effect until 10 July 2006. For further information please refer to basis of preparation sections 1.4.1 and 1.5.3.4 within the Standard Life plc Preliminary Results 2006 for EEV and IFRS respectively. No account has been taken of any prospective tax changes announced by the Chancellor of the Exchequer on 21 March 2007.

Agenda



Agenda

Improving financial performance

Growing the UK L&P business

Investments performing

Driving value

Questions and answers

Sandy Crombie

David Nish

Trevor Matthews

Keith Skeoch

Sandy Crombie

Team

Improving financial performance

David Nish
Group Finance Director

2006 Financial highlights

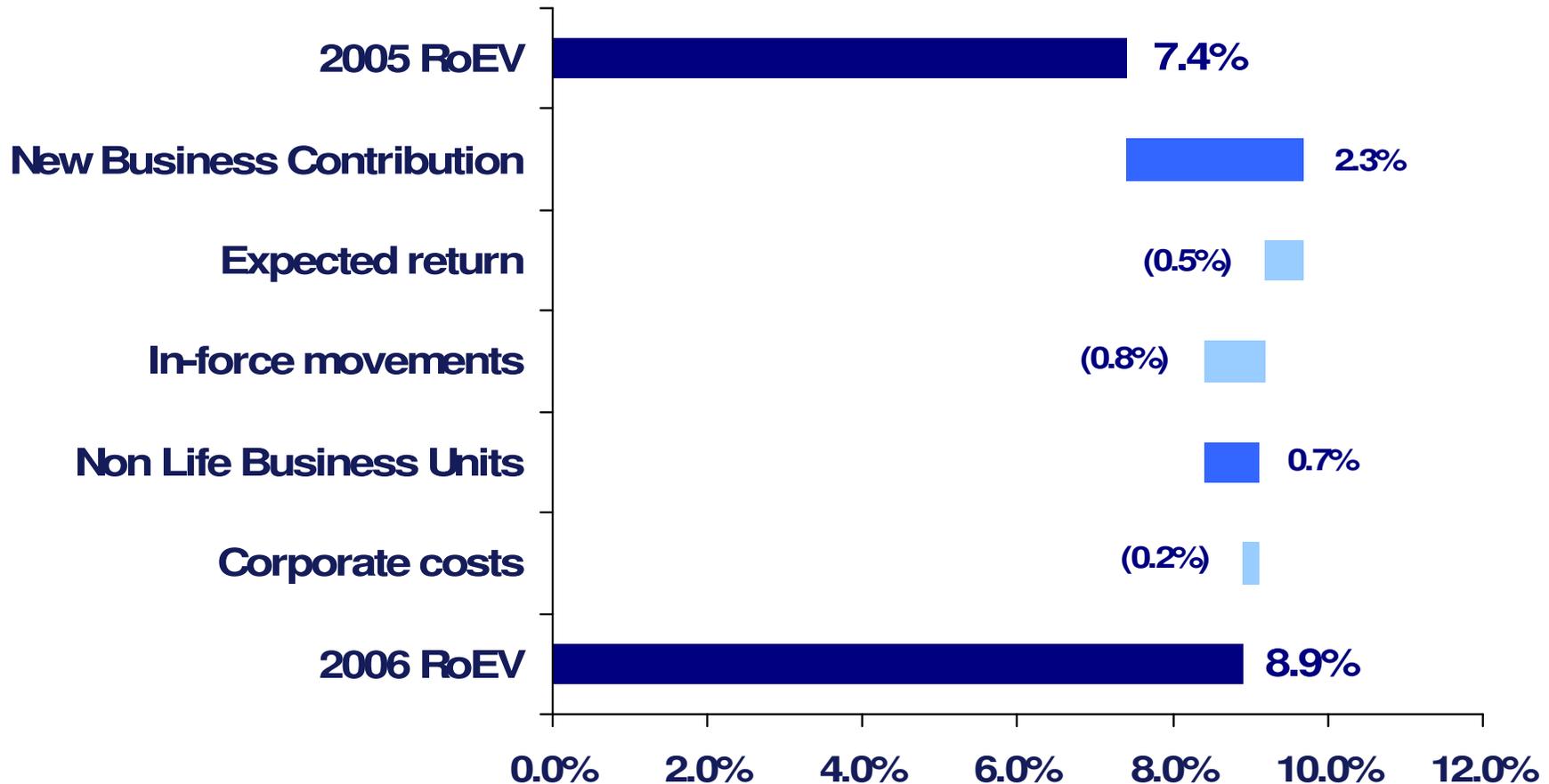


- EEV operating profit before tax up 55% to £614m (2005: £395m).
- New business contribution before tax up 521% to £205m (2005: £33m).
- IFRS operating profit before tax up 272% to £540m (2005: £145m).
- EEV up 11% to £5,608m (2005: £5,048m)⁽¹⁾, equivalent to 258p per share.
- Positive cashflow increased to £262m (2005: £17m outflow).
- Dividend of 5.4p in respect of period since IPO.
- With-Profits Fund Residual Estate increased to £1.3bn (2005: £0.5bn).

Strong improvement in our financial performance

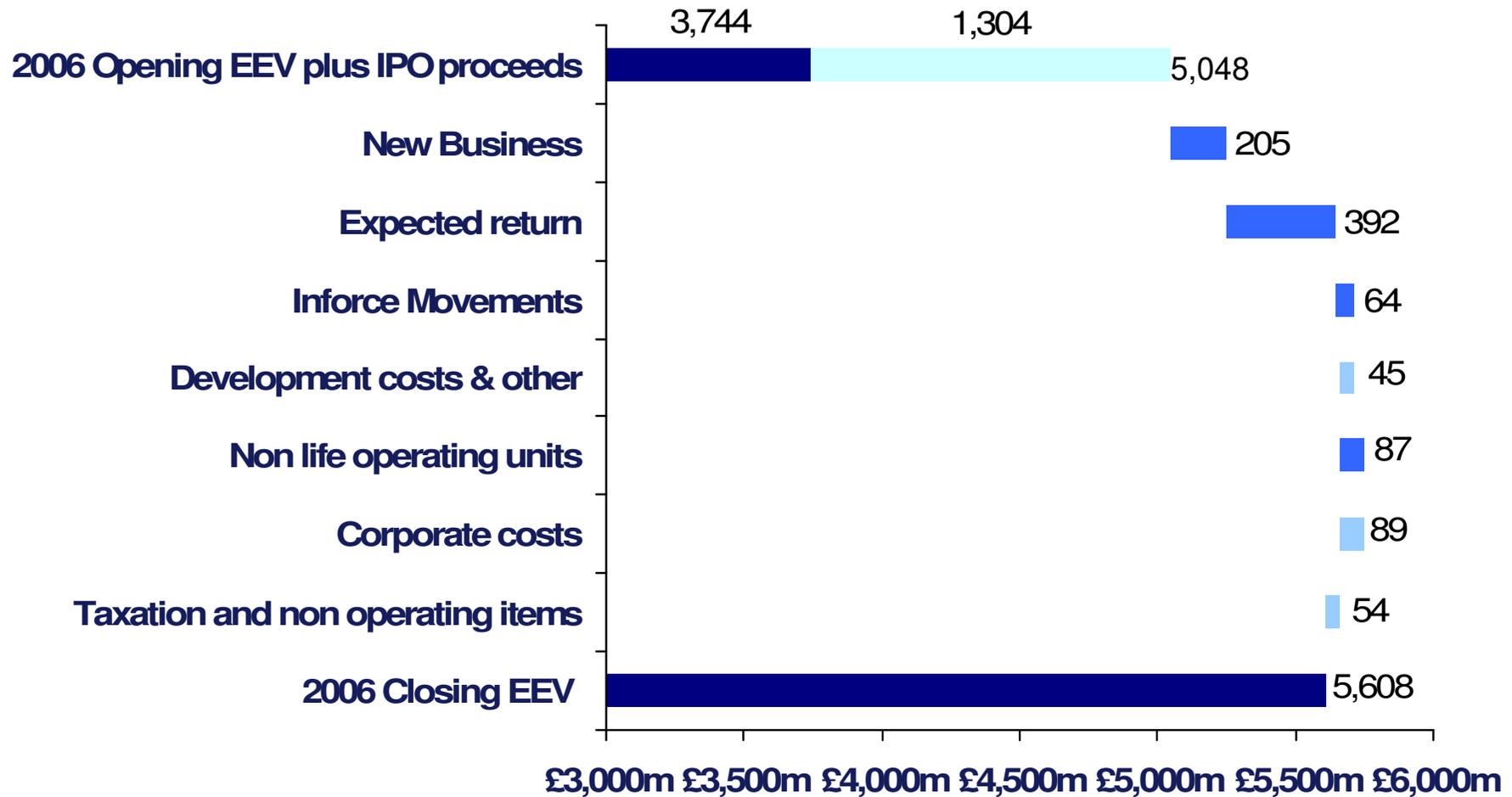
(1) Reflects 2005 closing Embedded value of £3,744m plus £1,304m of net IPO proceeds

Focus on improving RoEV



1.5% point increase in return on embedded value

Focus on increasing embedded value



Embedded value has increased 11%

EEV operating profit



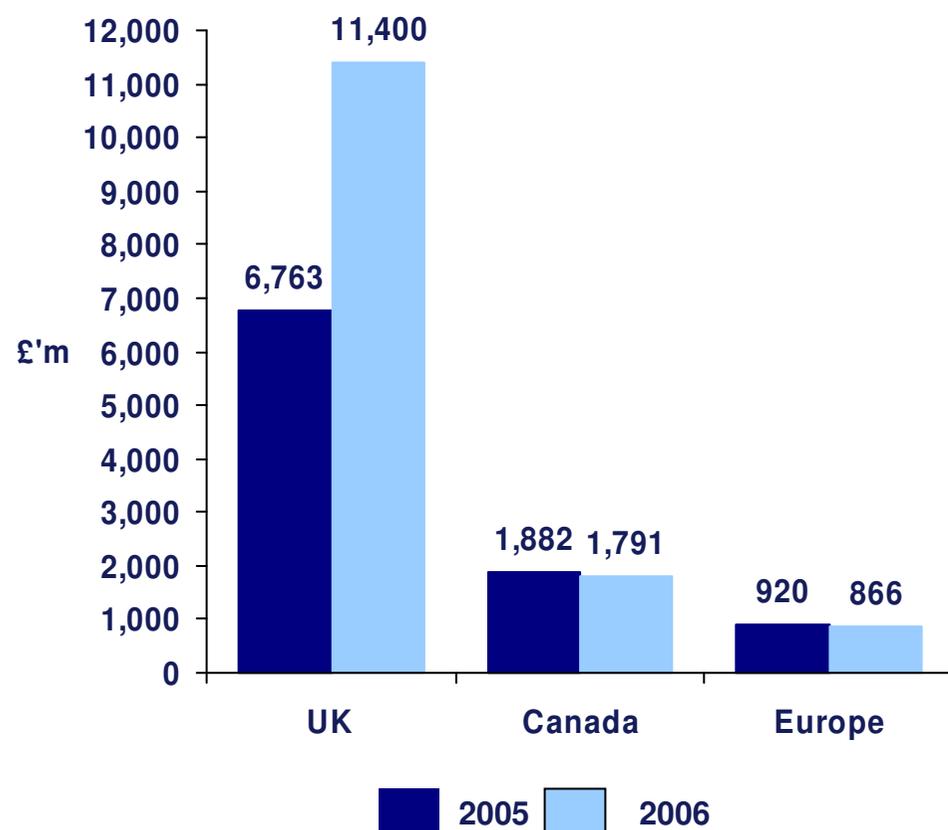
	2006						2005
	UK	Europe	Canada	Asia-Pacific	HWPF TVOG	Total	Total
	£m	£m	£m	£m	£m	£m	£m
New business	167	10	28	-	-	205	33
In-force							
Expected return	268	31	93	-	-	392	328
Experience variances	90	7	(16)	-	41	122	60
Assumption changes	(128)	6	61	-	3	(58)	37
Other covered	(25)	(9)	(3)	(8)	-	(45)	(4)
Total covered business	372	45	163	(8)	44	616	454
Investment management						38	24
Banking						38	15
Healthcare and general insurance						16	7
Other non-covered						(23)	(47)
Total excluding Corporate costs and investment income						685	453
Corporate costs						(89)	(58)
Investment income in corporate centre						18	-
Total before tax						614	395

55% increase in EEV operating profit

New business



47% increase in PVNBP⁽¹⁾



Margin improvement across the Group⁽²⁾

	2006	2005
UK	1.5%	0.4%
Canada	1.6%	(0.1%)
Europe	1.2%	0.9%
Group	1.4%	0.4%

NBC increasing six fold to £205m⁽²⁾

	2006 £m	2005 £m
UK	167	27
Canada	28	(2)
Europe	10	8
Total	205	33

New Business volume and margin driving NBC improvement

(1) 2006 vs. 2005 includes FX movements
 (2) 2005 NBC and exclude margins non-insured SIPP

EEV experiences variances & operating assumption changes



2006	UK	Europe	Canada	TVOG	Total
	£m	£m	£m	£m	£m
Experience variances					
Lapses	(4)	(2)	-	-	(6)
Maintenance expenses	2	2	3	-	7
Mortality and morbidity	27	-	-	-	27
Tax & Other	65	7	(19)	41	94
	90	7	(16)	41	122
Operating assumption changes					
Lapses	(207)	(4)	(49)	-	(260)
Maintenance expenses	26	12	50	-	88
Mortality and morbidity	26	2	37	-	65
Other	27	(4)	23	3	49
	(128)	6	61	3	(58)
Total Experience variances & Operating assumption changes	(38)	13	45	44	64

£64m positive contribution, after lapse assumption changes

Lapses



	Provisions at end of H1	Experience in H2	Remaining Provision	Further strengthening at year-end	Year end Provisions
	£m	£m	£m	£m	£m
Life	27	(34)	(7)	48	41
Pensions	96	(36)	60	59	119
Total	123	(70)	53	107	160

- Full review of assumptions undertaken
- Carefully monitoring experience and selected initiatives to boost retention
- Based on current trends provisions are appropriate and adequate

IFRS pro forma underlying profits



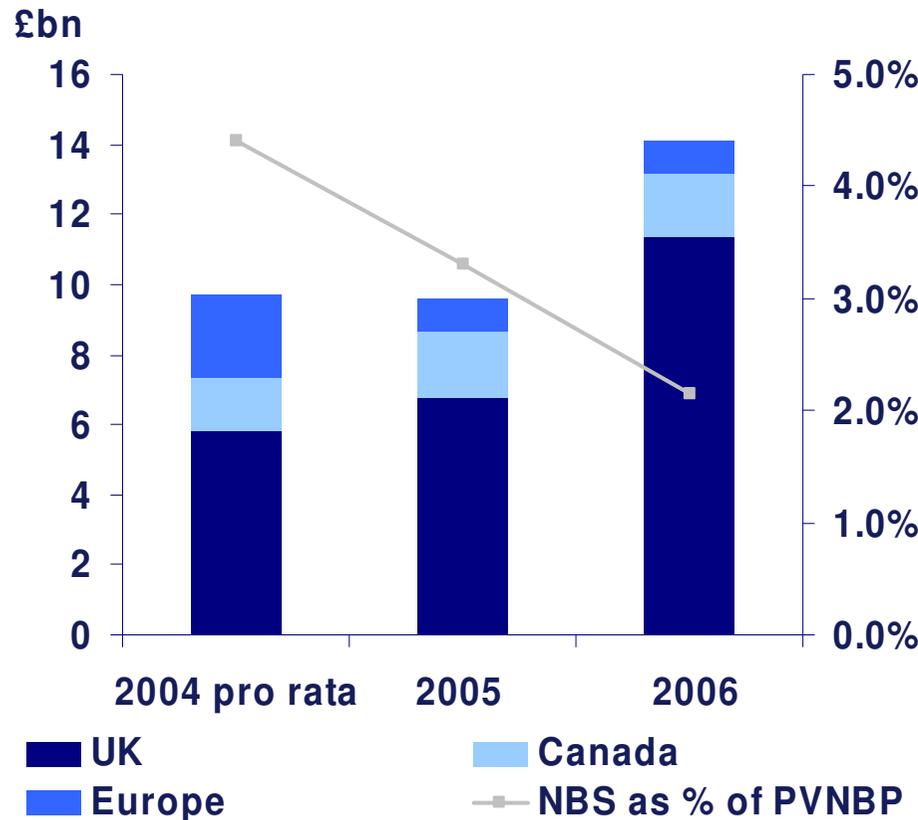
	2006 £m	2005 £m
Life and Pensions		
UK	230	16
Canada	168	86
Europe	108	73
Other Life	(9)	-
Total Life and Pensions	497	175
Investment Management	66	44
Banking	38	24
Healthcare and general insurance	16	7
Total Non life excluding corporate costs and other	120	75
Corporate costs	(89)	(58)
Other	12	(47)
Total underlying profit before tax	540	145

Improving IFRS profitability across the Group

Group EEV cash generation



Group PVNBP and New Business Strain



	2006 £m	2005 £m
New business strain	(303)	(306)
Cash generation from existing business	436	351
Life and Pensions cash generation from new business and expected return	133	45
Cash generation from variances, development costs and assumption changes	111	(23)
Life and Pensions total cash generation	244	22
Investments, Bank and Healthcare	77	35
Corporate costs	(62)	(41)
Investment income	13	-
Other non life entities	(10)	(33)
Total cash generation	262	(17)

Significant cash generation improvement

Movements are based on shareholders net worth adjusted for changes in required capital.

Cash flows are net of tax and exclude net (expense)/income directly recognised in the EEV balance sheet including exchange differences and capital movements

Group funds flow



- Dividends from business units
 - Standard Life Assurance Limited £ 60m⁽¹⁾
 - Standard Life Canada £ 55m
 - Standard Life Investments £ 50m
 - Standard Life Bank £ 40m
 - £205m
- Other plc funds flow
 - SL plc dividend £114m⁽¹⁾
 - Corporate centre costs £ 62m (£89m pre-tax)
 - Investment income of £ 13m⁽¹⁾ (£18m pre-tax)
- Dividend of 5.4p⁽¹⁾ per share – progressive dividend policy

(1) Based on trading 10 July 2006 to 31 December 2006

2006 Financial summary



PVNB Sales	↑	47%	to £14.3bn
PVNB Margin	↑	1.0% pts	to 1.4%
EEV operating profit	↑	55%	to £614m
IFRS profit	↑	272%	to £540m
EEV cash generation	↑	£279m	to £262m

Strong improvement in our financial performance

Growing the UK L&P business

Trevor Matthews
Chief Executive Standard Life Assurance Limited

- A-day
 - *Customer consolidation of funds*
 - *Wider access to SIPP*
 - *Increase in contribution limits*
- Shift from with-profits continuing
- Market conditions favourable to Bonds and Mutual Funds
- Distribution
 - *Platforms*

Our strategy has enabled us to capitalise on these trends

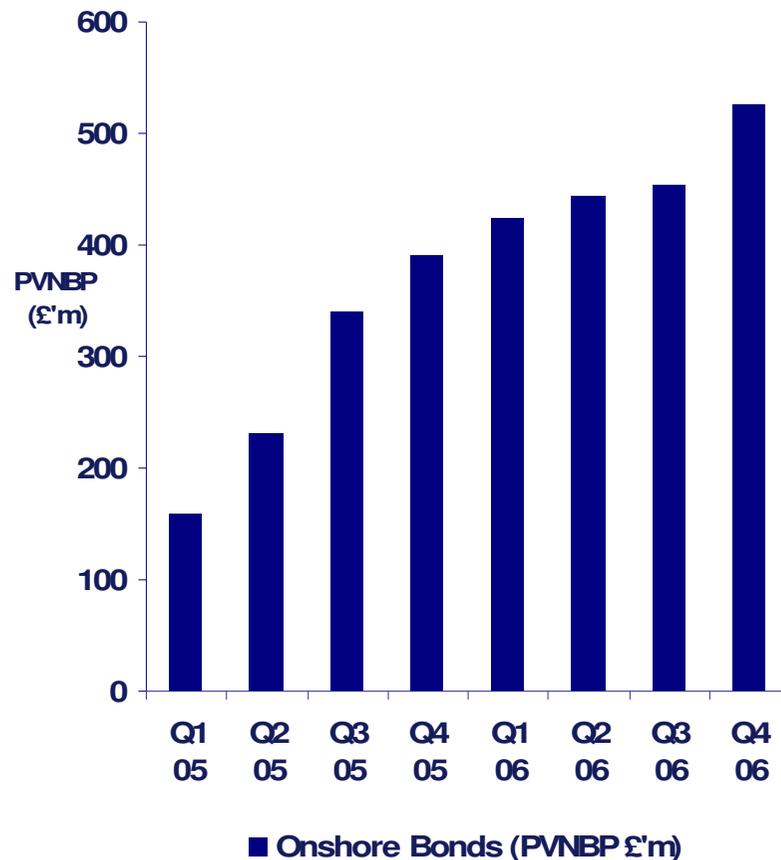
The Heritage With-Profits Fund



- Good prospects for Policyholders going forward
 - *Strong investment performance in 2006 (up to 12.5%)*
 - *Equity backing ranging from 30% to 70% depending on policy type*
 - *Residual Estate increased from £0.5bn to £1.3bn*
 - *100% owned by Policyholders*
 - *Potential to distribute Residual Estate*
- Risks to Shareholders greatly reduced
 - *Hedging in place*
 - *Robust guarantee deduction framework*
 - *Residual Estate comfortably covers its capital needs*
 - *Decreased risk of Burnthrough (TVOG), reducing from £200m to £92m*

Heritage With-Profits Fund is stronger

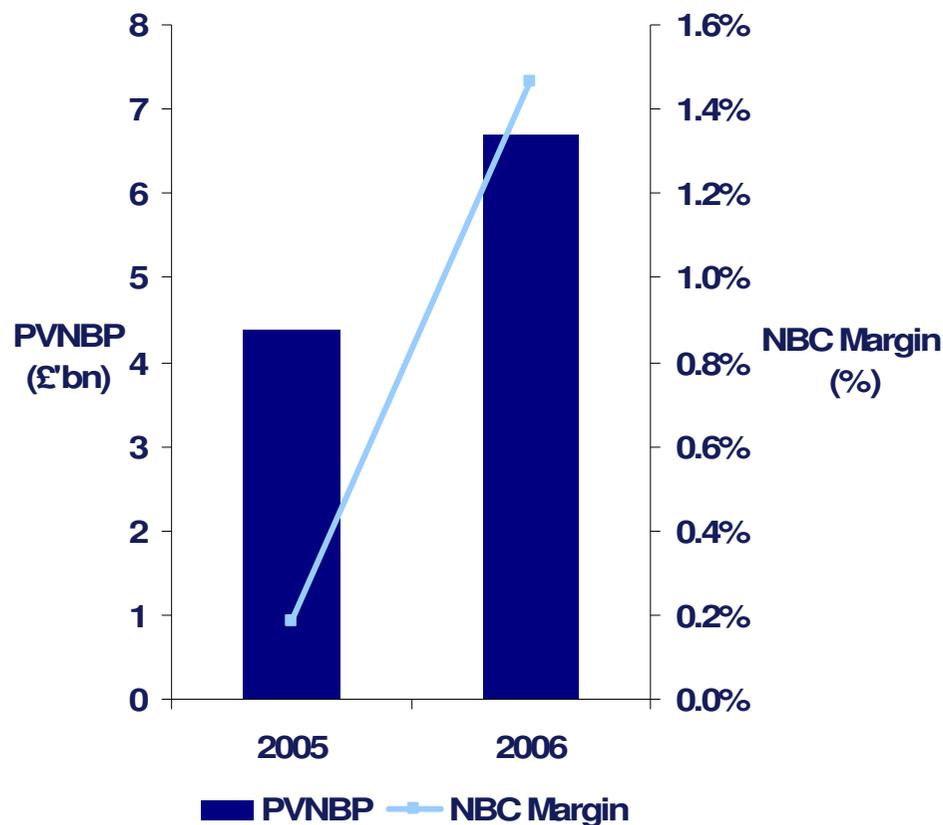
Unit Linked Onshore Bond Sales by Quarter



- Strong sales growth in Bonds and Mutual Funds
 - *Continued strength of investment performance by SLI*
 - *Continued innovation – Launch of 57 new external fund links*
 - *Launch of Offshore Bond*
 - *Launch of FundZone*
- New business margins for Bonds doubled from 0.8% to 1.6%

Strong sales and margins in Investments

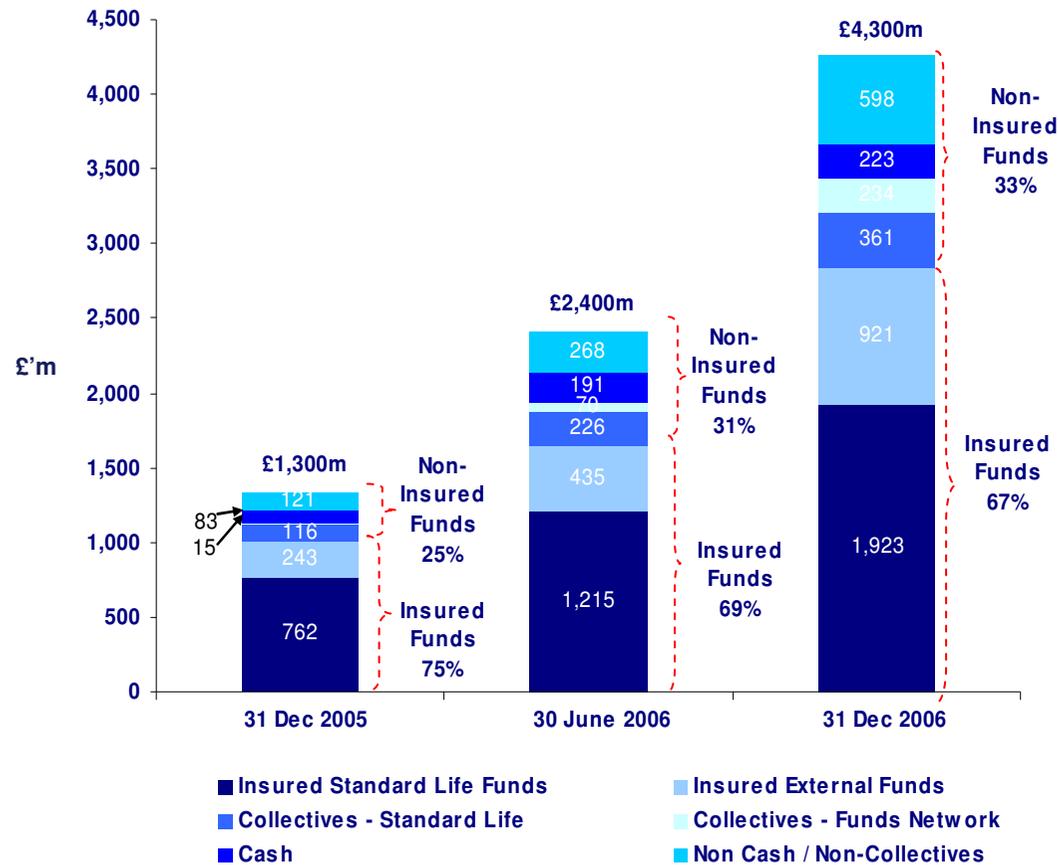
Retail Pensions - Volumes and Margins



- Retail pensions PVNBP up 53%
- New business margins on retail pensions up from 0.2% to 1.5%
- Institutional TIP sales up 153%
- *High volume, low margin business that requires no regulatory capital*

Strong sales and margins in Pensions

SIPP Funds Under Management



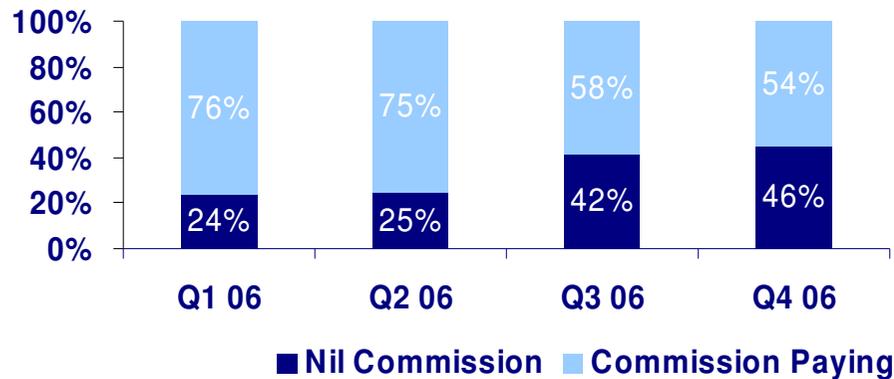
- New business volumes up 152%
- FUM increased from £1.3bn to £4.3bn
- Average case size increased to £169k, up 15%
- Award winning
- Significant growth potential

Our market-leading SIPP powers ahead

Group Pensions



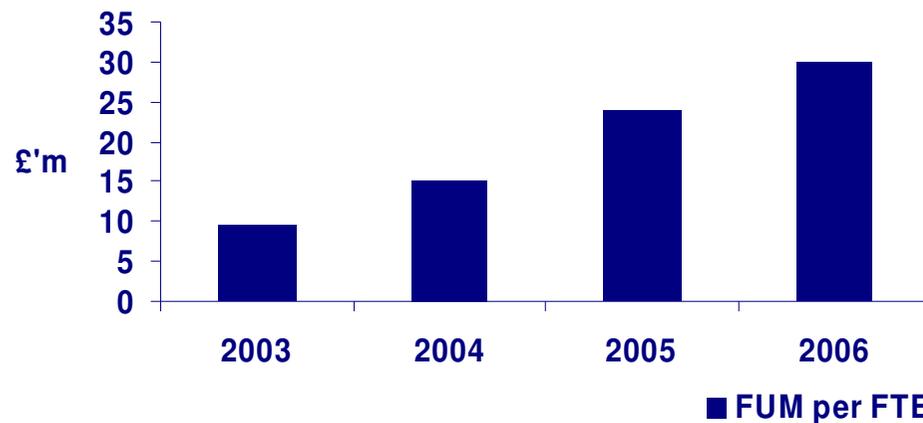
Increased Weighting of Nil Commission Sales



- Profitable business

- A sustainable commission model

FUM per Customer Service Staff Member



- Back book is a major source of value

- Technology driving efficiency

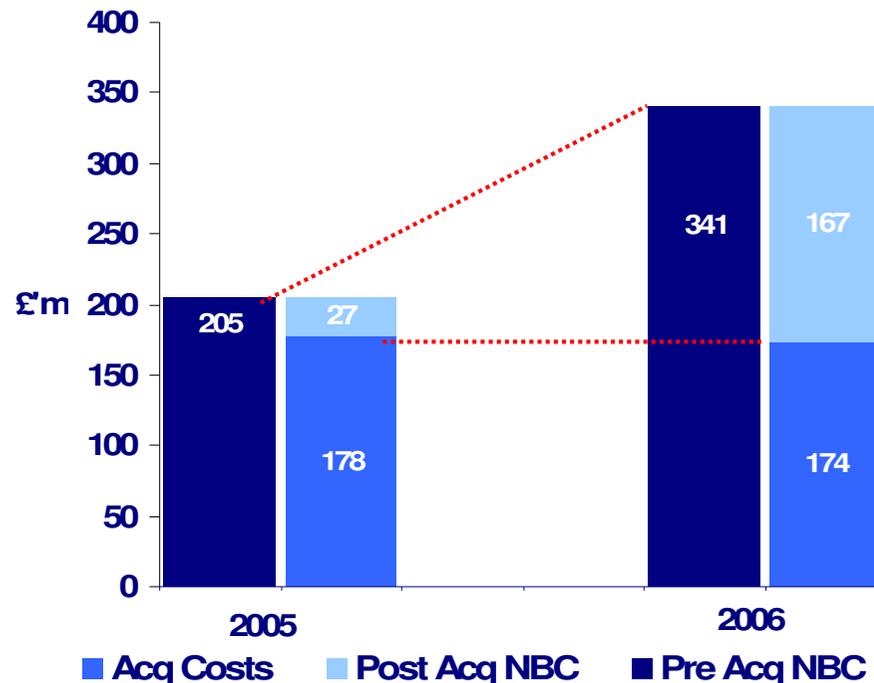
A core franchise

Margin improvement



Margin growth benefiting from leveraging acquisition costs

NBC Development 2005 - 2006



	Pro forma PVNBP margin		Pro forma NBC	
	2006	2005	2006	2005
	%	%	£m	£m
Retail Pensions	1.5%	0.2%	98	8
Institutional Pensions	0.1%	0.3%	2	3
Life	1.6%	0.8%	31	9
Annuities	11.5%	7.5%	50	22
Protection	(33.6)%	(35.7)%	(14)	(15)
Total	1.5%	0.4%	167	27

Potential for further UK new business margin improvement

Geared for continuing profitable growth



- A-day and ageing baby boomers driving market growth
- Proven sales capability
- Positioned to capitalise on shift to platforms
- Margin improvement

Market changes play to our strengths and strategic focus

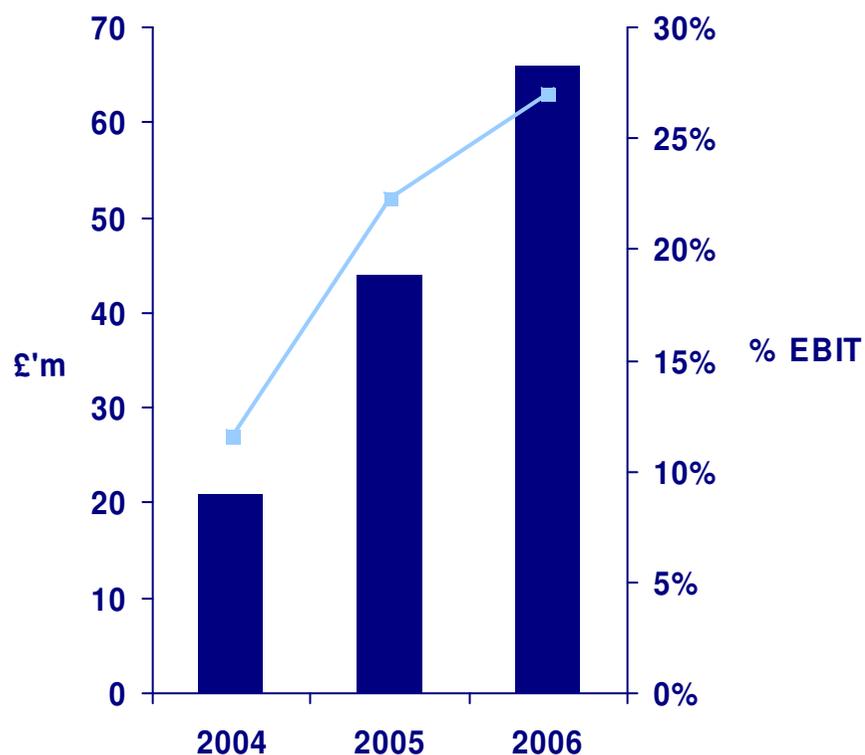
Investments performing

Keith Skeoch
Chief Executive Standard Life Investments

2006 A breakthrough year



Standard Life Investments IFRS PBT and EBIT margin 2004 - 2006



- IFRS PBT up 50% to £66m
- EBIT margin 27% (2005: 22.3%)
- Third-Party Assets up 32% to £38.5bn
- No. 6 Mutual Fund net flows
- Another record year for institutional mandate wins
- 'Focus on change' investment philosophy at heart of success

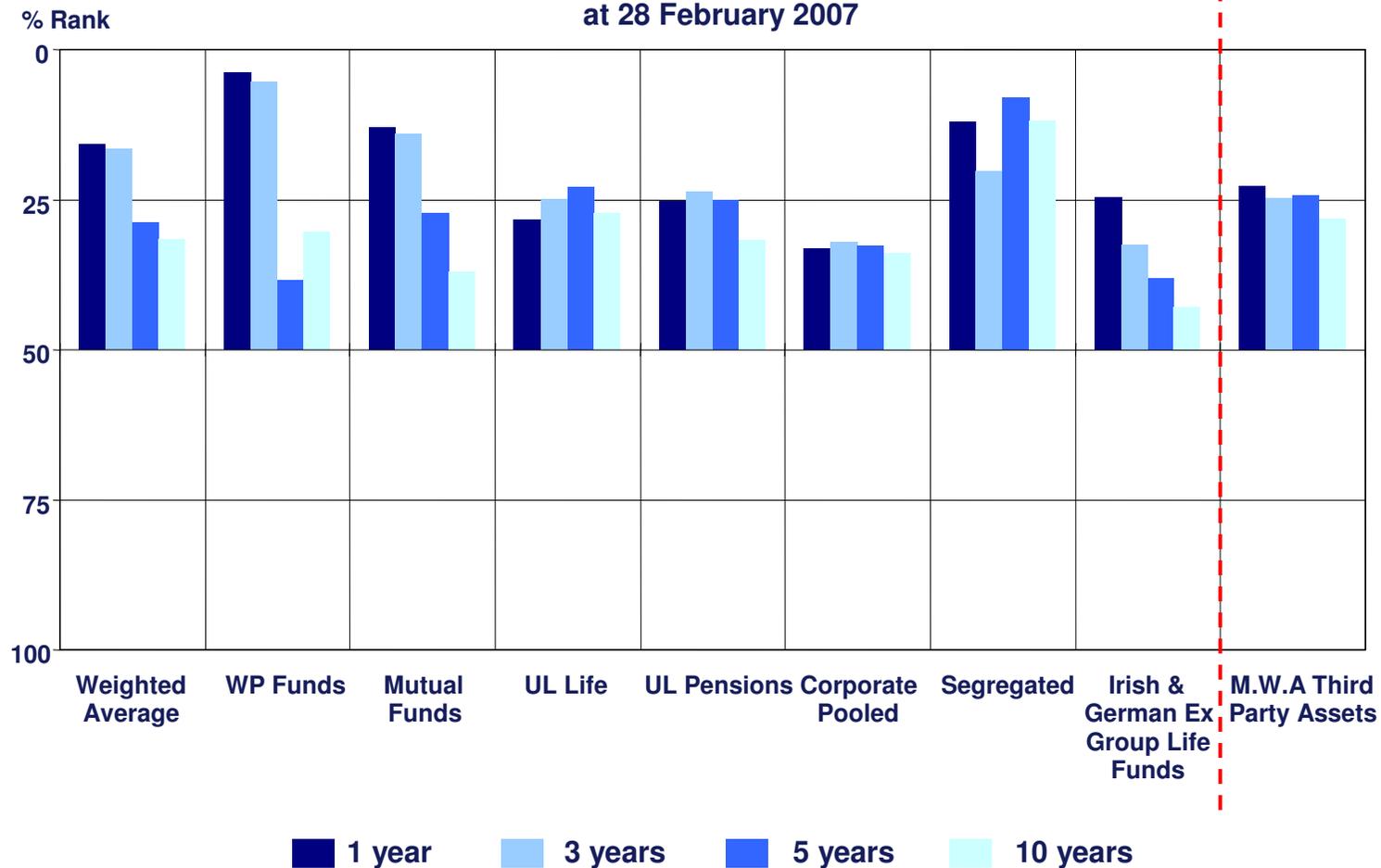
Differentiated approach designed to deliver alpha across the cycle

Alpha delivered across all assets



Active Investment Performance - by Product Group

at 28 February 2007



Good Process, Good People = Great Long-Term Performance

Performance against peer group - Year to February 2007



Third Party	> Median	Upper Quartile
Pooled Pensions	91%	52%
Seg Pensions *	96%	n/a
Mutual Funds	79%	63%
Captive	> Median	Upper Quartile
Unit Linked Life	60%	25%
Unit Linked Pensions	76%	35%

Performing in key product areas

The changing fund management Market Place



What clients want is

- Best in class alpha
- Best in class product

But they are also

- Open to innovation

Plenty of organic opportunities for Standard Life Investments

Where is growth coming from:



Focus on performance and profit



- Continued focus on infrastructure to improve efficiency
- Product innovation to diversify sources of EBIT
- Strong track record in alpha delivery to sustain sales momentum in 2007
- Provide an exceptional client experience

Leveraging Investment Management Expertise

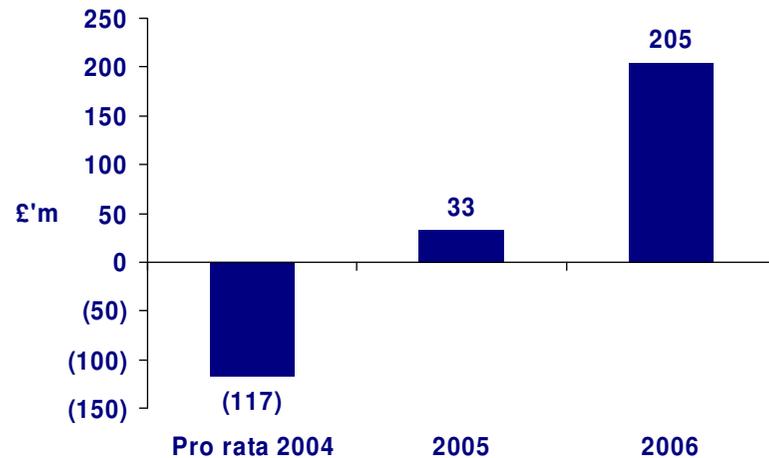
Driving value

Sandy Crombie
Group Chief Executive

Delivered value

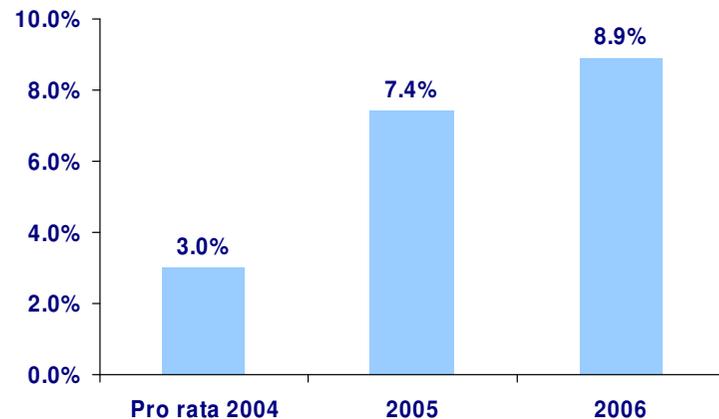


New Business Contribution



- New Business Contribution increased from a loss of £117m pro rata to profit of £205m in two years

Return on Embedded Value



- Return on Embedded Value more than doubled since 2004

Building valuable customer relationships with leading service and compelling propositions

- Creating capital efficient innovative products
- Opening new routes to markets
- Leveraging investment management expertise and performance
- Driving for operational excellence

Delivering shareholder value

Driving growth



- UK life and pensions
 - Product innovation
 - Higher value customers
 - New distribution channels
 - Platforms opportunity
- Canada life and pensions
 - Cost efficiency
 - Detoxed product set
 - Expansion of retail wealth management
 - Compelling propositions
- Europe life and pensions
 - Repositioning
 - Leveraging group expertise
 - Diversifying toward new generation products

Driving growth

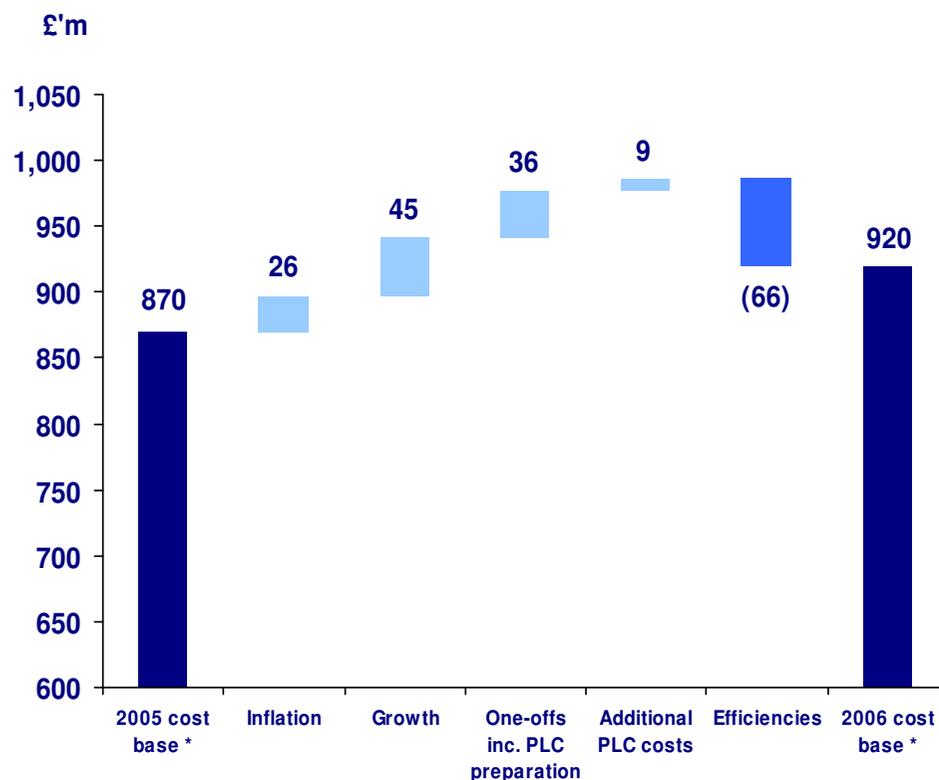


- Standard Life Investments
 - Diversifying sources of alpha
 - Improving scalability of investment infrastructure
 - Investment performance supporting product offering across group
- Standard Life Bank
 - Cost competitive
 - Higher value customers
 - Propositions supporting product offerings across group
- Standard Life Healthcare
 - Leveraging consolidated business
 - Launching new product set
 - Propositions supporting product offerings across group
- Asia
 - Extending footprint in existing markets
 - Leveraging group expertise

Driving efficiency



Group cost base reconciliation 2005 - 2006



* Excludes commissions

- Positive maintenance operating assumption changes of £88m in 2006
- UK PVNBP margin increased from 0.4% in 2005 to +1.5% in 2006
- Non-life business units IFRS profit increased to £120m (2005: £75m)

Efficiency and productivity savings delivered

Driving efficiency



- Existing initiatives of £30m UK L&P expense reduction by 2007 and Corporate costs being reduced to £58m in 2007 being delivered
- Building on existing initiatives – supporting business growth
- Additional underlying cost benefits of £100m p.a. by 2009 through continuous improvement in efficiency and productivity
- One-off implementation costs expected to be no greater than the annual savings achieved by 2009
- Efficient, scalable platform to support future growth

Delivering operational excellence

Driving efficiency – key initiatives



Creation of a UK Retail Division

- Streamlining common functions supporting UK life and pensions, Standard Life Bank and Standard Life Healthcare

Extending Shared Services

- Establishment of Finance Shared Services Centre, further integrate common shared activities, with reduction of overheads for support functions

Rationalisation of Group Central Functions

- Leaner Group functions designed to serve requirements of UK Retail Division & Shared Services Centre

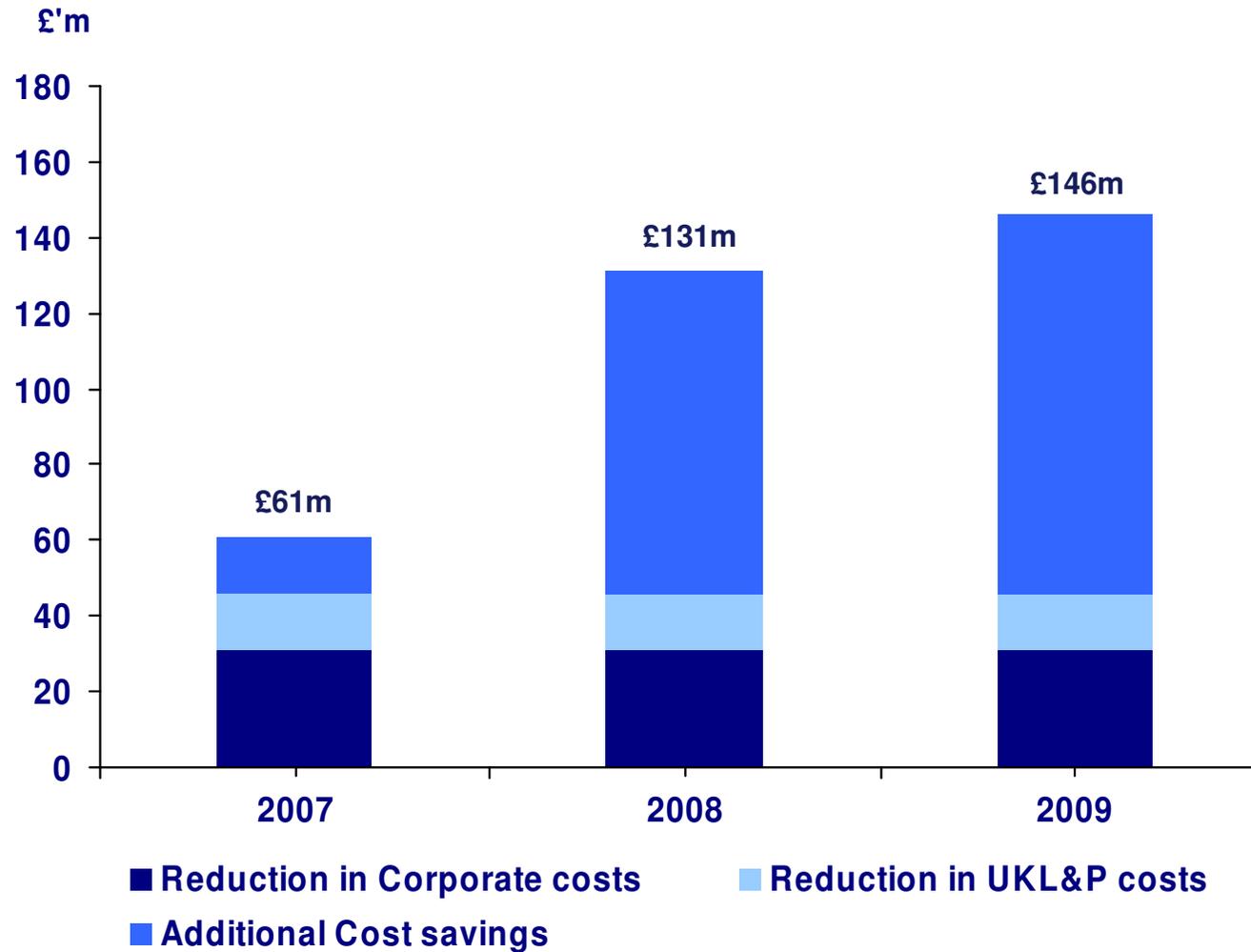
Re-engineering of Key Processes

- Review of Operating model to drive customer value
- Extend migration of customer servicing from mail to phone and e-commerce

Smart Sourcing Programme

- Streamline suppliers and restructure terms
- A group wide review of procurement and supplier management

Driving efficiency – benefit profile



Delivery



Efficiency



Opportunity



**Driving
Shareholder
value**

**On track to achieve our return on embedded value target for
2007 of 9-10% - increasing thereafter**

Questions and answers