Half Year Results 2010

STANDARD LIFE

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 the 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.

Strong operating performance supporting investment for growth

David Nish
Chief Executive

A clear strategy

Our goal	Driving shareholder value through being a leading, customer-centric business focused on long-term savings and investment propositions in our chosen markets
Delivered through	Trusted brand Technology and innovation Customer insight, access and service capability Superior investment performance

Delivering against our strategic priorities - H1 2010

Building on our strength in our pension savings and corporate benefits markets

- Continued success in winning mandates: 5,000 member Logica scheme
- Launched a suite of new corporate propositions: Trust Based Pension, Corporate ISA
- Progressing launch of EWBP

Focusing on the savings and investment needs of customers in our chosen segments

- Strong growth in customers and assets
- Launch of new retail propositions: active money personal pension
- Acquisition of threesixty

Expanding the global reach of our investment management business

- Record third party assets under management with increased international balance
- Acquisition of Aida Capital
- Strategic partnership with Chuo Mitsui Asset Trust and Banking

Maximising value from our Joint Venture relationships in Asia

- New CEO, Amitabh Chaudhry
- Strong business performance in India
- Progressing Bank of China relationship

Accelerating performance and profitable growth

Focusing our business and driving performance

People

- Strengthened leadership team in place
- Redirected resources to focus on growth opportunities

Transformation

- Group-wide restructuring
- Simplified lines of accountability; culture of decision making and delivery

Efficiency

- Ongoing focus on efficiency and reducing unit costs
- Upgrading operational capabilities through innovative use of new technology

Portfolio

- Sale of Standard Life Bank and Standard Life Healthcare
- Acquisition of threesixty and Aida Capital

Increasing the metabolic rate of our business

Operational and financial highlights

Jackie Hunt
Chief Financial Officer

Our focus in 2010

- Sustainable cash flow
- Maintaining high levels of customer service
- Increased focus on core markets
- Transforming how we operate
- Investing for future profitable growth
- Progressive dividend

Building increased momentum

Financial highlights

	H1 2010	H1 2009
Assets under administration[1,2]	**£179.1bn**	£170.1bn
Long-term savings net flows	**£2.5bn**	£0.8bn
Investment management third party net flows	**£4.7bn**	£3.1bn
IFRS operating profit before tax[1]	**£182m**	£166m
Growth investment included in operating profit	**£72m**	£44m
Embedded value operating profit before tax[1,3]	**£364m**	£328m
EEV core capital and cash generation after tax[1,3]	**£160m**	£151m
Dividend per share	**4.35p**	4.15p

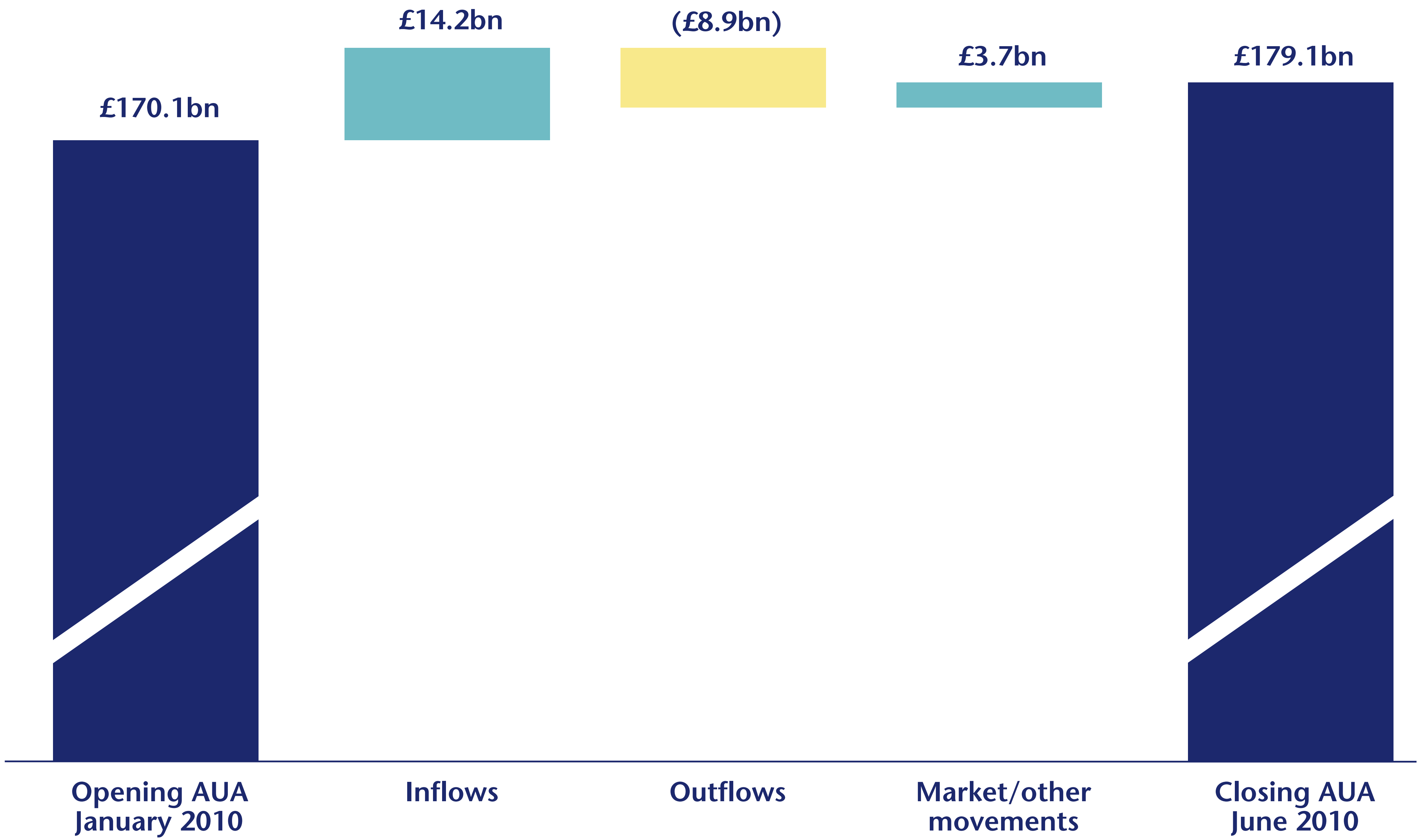
(1) Excludes discontinued operations

(2) Comparison is to 31 December 2009

(3) The results of the Hong Kong and joint venture businesses were prepared on an EEV basis for the first time at FY 2009. H1 2009 results include these on an IFRS basis.

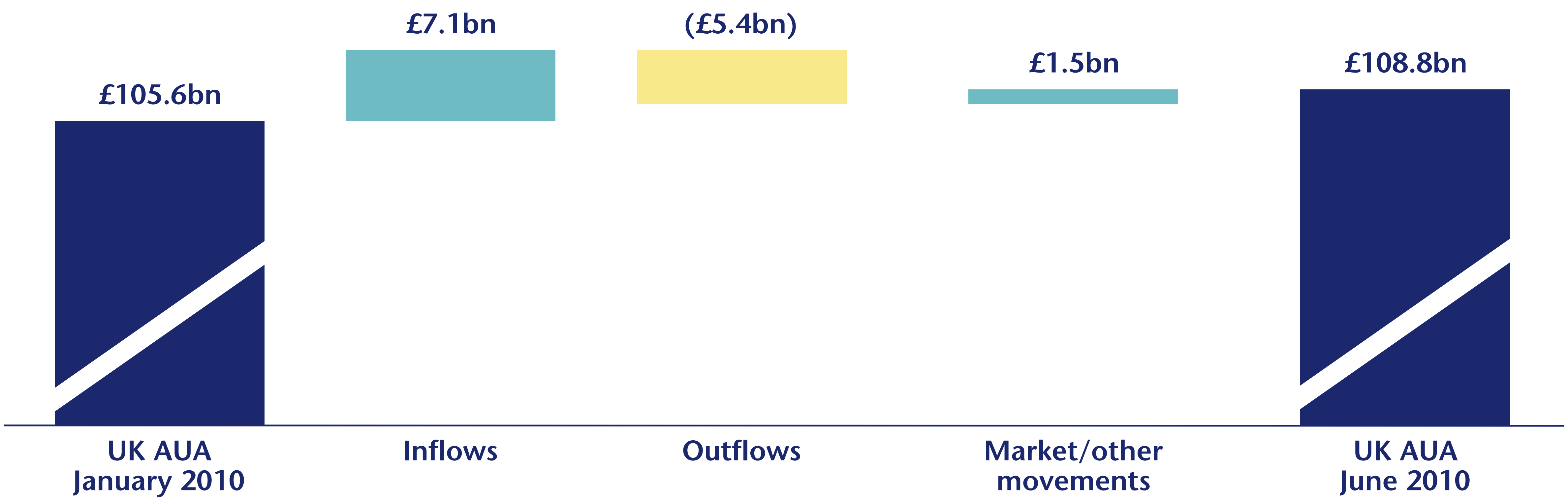
Continued strong growth in net flows and assets

Movement in assets under administration



Positive net inflows across our markets

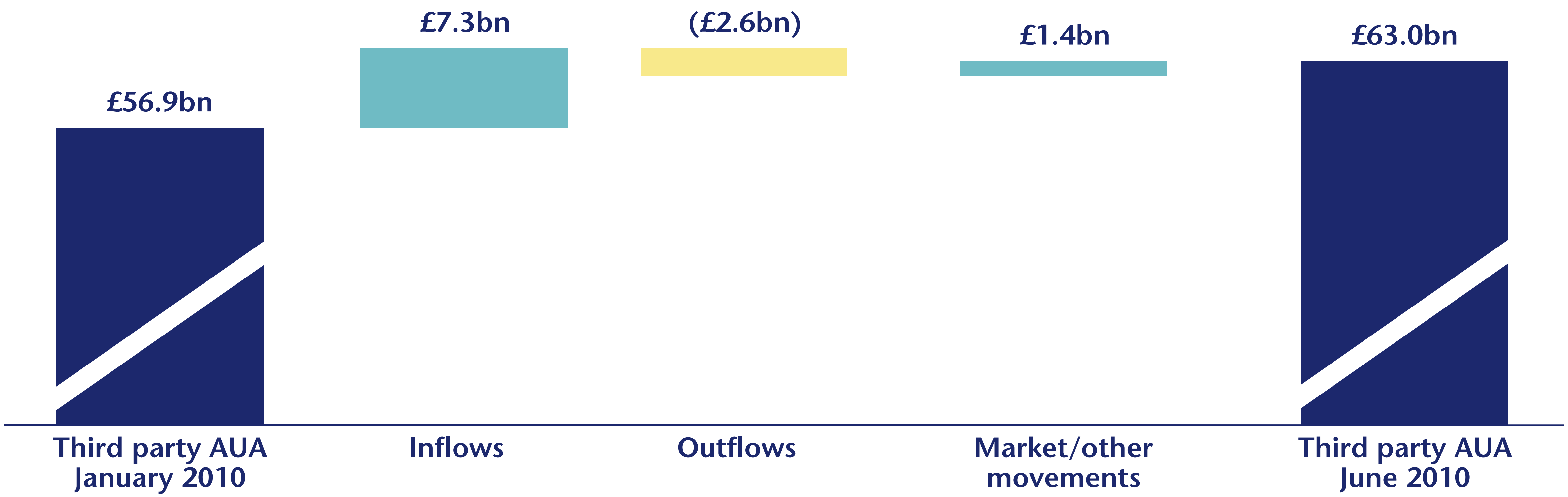
UK long-term savings



- Continued strong growth in SIPP, Wrap and Mutual Funds
- Net outflows in traditional product lines such as endowments
- Focus on corporate solutions:
  - Logica scheme won using a tailored savings and benefits package

Strong customer and asset growth in platform based propositions

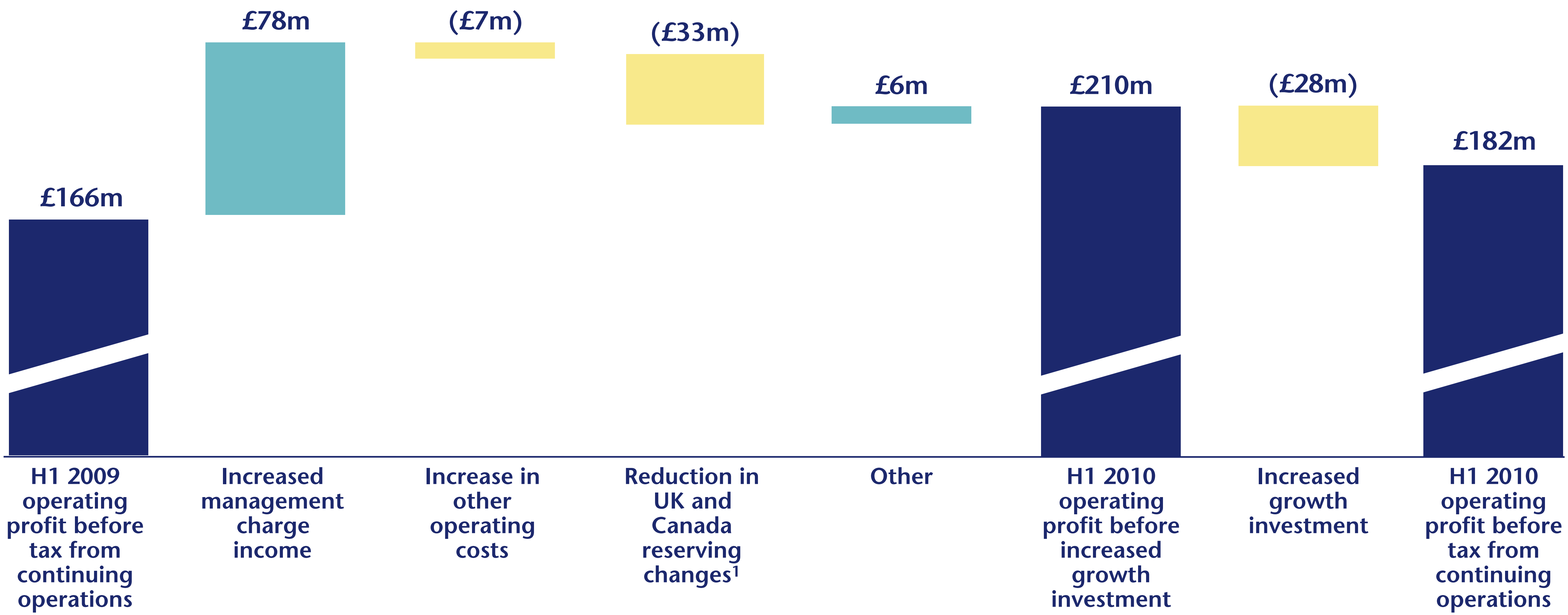
Global investment management



- Net third party flows up 52% in the first half of the year
- Global Absolute Return Strategies (GARS) assets under management in excess of £4bn
- 24% CAGR achieved in third party AUM and revenues since 2003
- 4 million customer accounts and £11.6bn AUM at HDFC Asset Management
- EBIT margin of 32% achieved

Record asset levels leading to higher profits

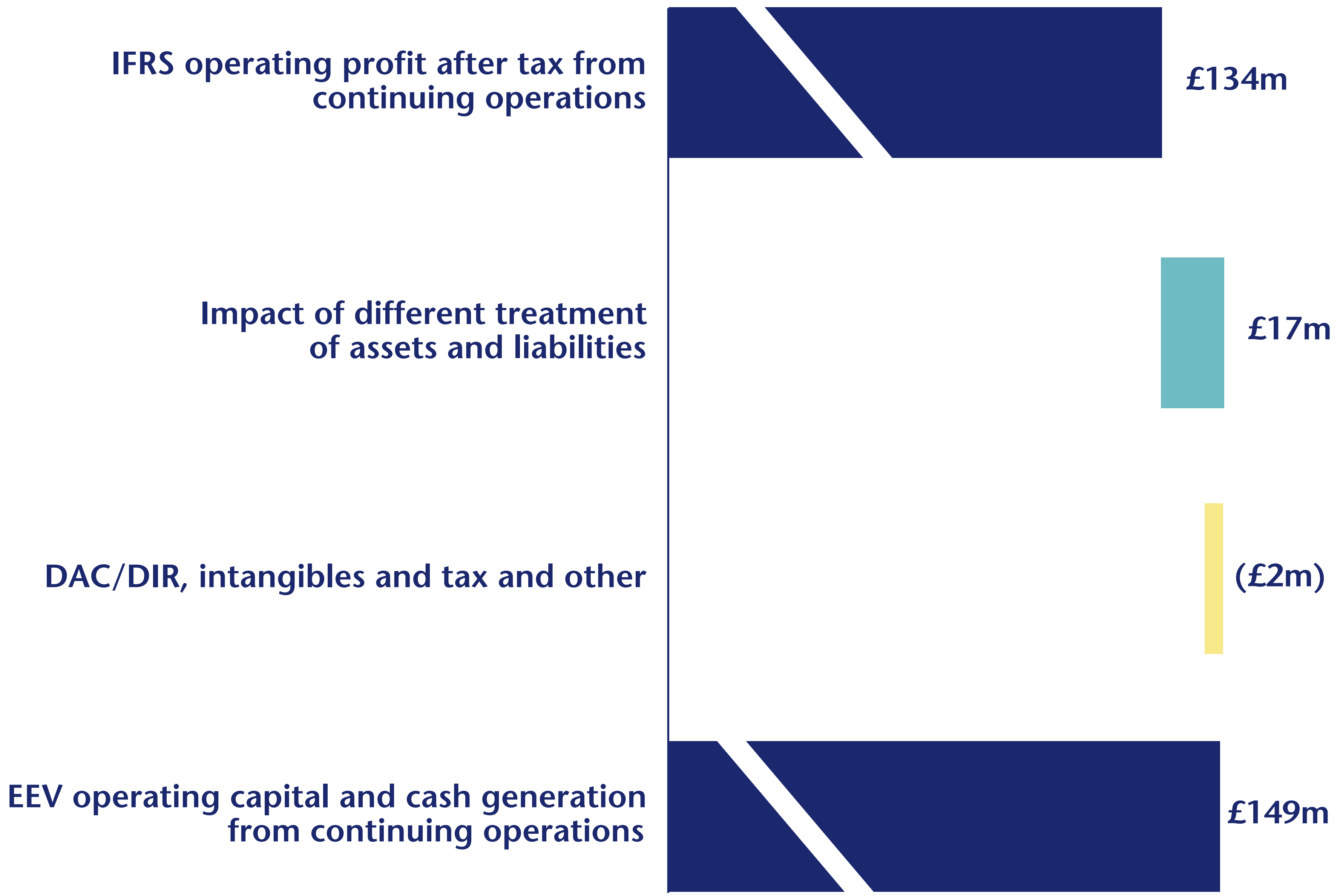
IFRS operating profit



(1) UK and Canada reserving changes of £46m in H1 2010 (H1 2009: £79m)

Increased operating profits while investing for growth

Cash and capital conversion



Close alignment of IFRS operating profit and capital and cash generation

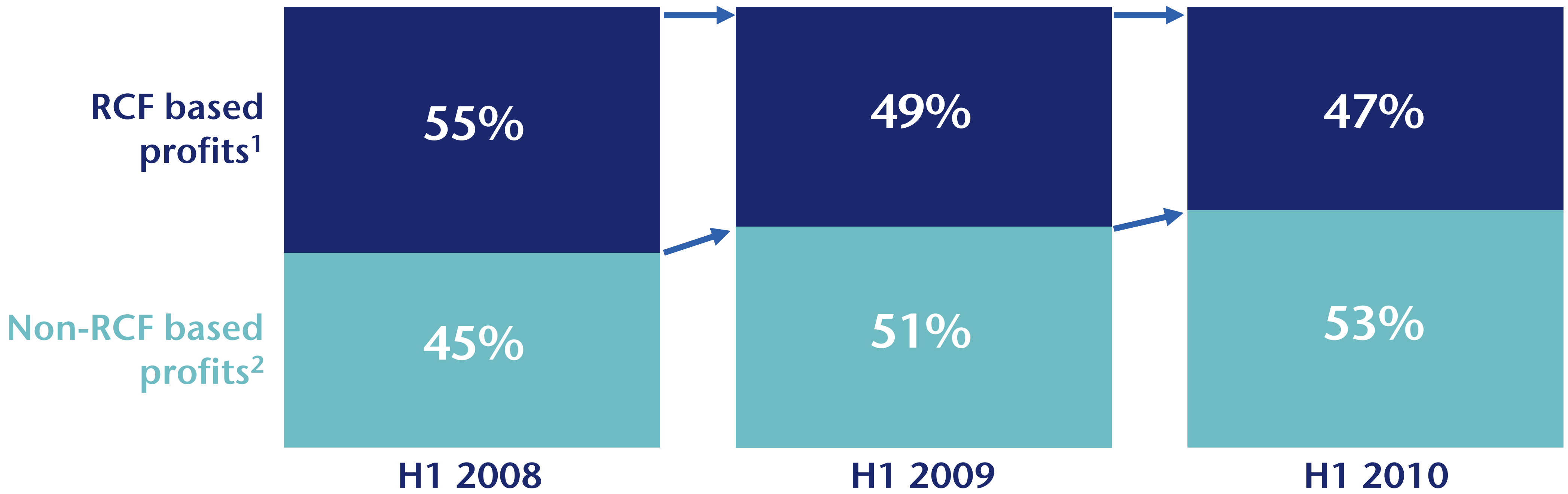
EEV capital and cash generation

	H1 2010 £m	H1 2009[1] £m
Capital and cash generation from existing business[2]	300	246
New business strain	(109)	(72)
Covered business capital and cash generation from new business and expected return	**191**	**174**
Covered business development expenses	(21)	(9)
Non-covered business core capital and cash generation	(10)	(14)
Core	**160**	**151**
Efficiency	**(7)**	**(8)**
Back book management	**(4)**	**29**
Operating profit capital and cash generation from continuing operations[3]	**149**	**172**

Note: All figures are stated post tax
(1) The results of the Hong Kong and joint venture businesses were prepared on an EEV basis for the first time at FY 2009. H1 2009 results include these on an IFRS basis.
(2) Of £300m capital and cash generation from existing business, transfers out of the HWPF constitute less than half for H1 2010
(3) Included within capital and cash generation from continuing operations for H1 2010 is £35m attributable to the global investment management business

Core capital and cash generation up with strong coverage of new business strain, investment for growth and dividend

IFRS operating profit - pre and post demutualisation business

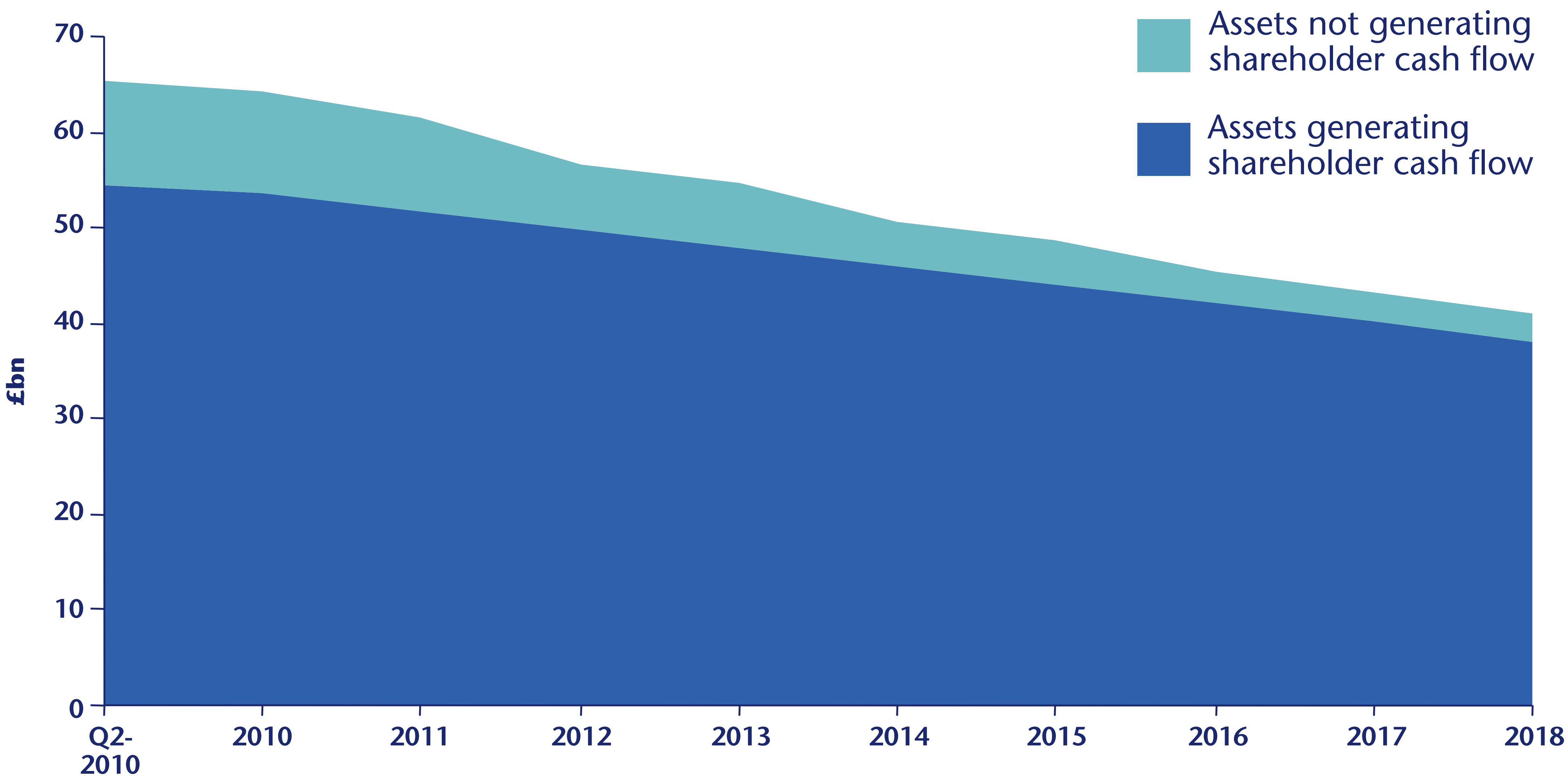


- Increasing proportion of IFRS operating profits from post demutualisation business
- HWPF assets supporting shareholder cash flow have long run-off profile

(1) Recourse Cash Flow-based profits include transfers out of the HWPF for the UK, Ireland and Germany
(2) Excluding investment spend

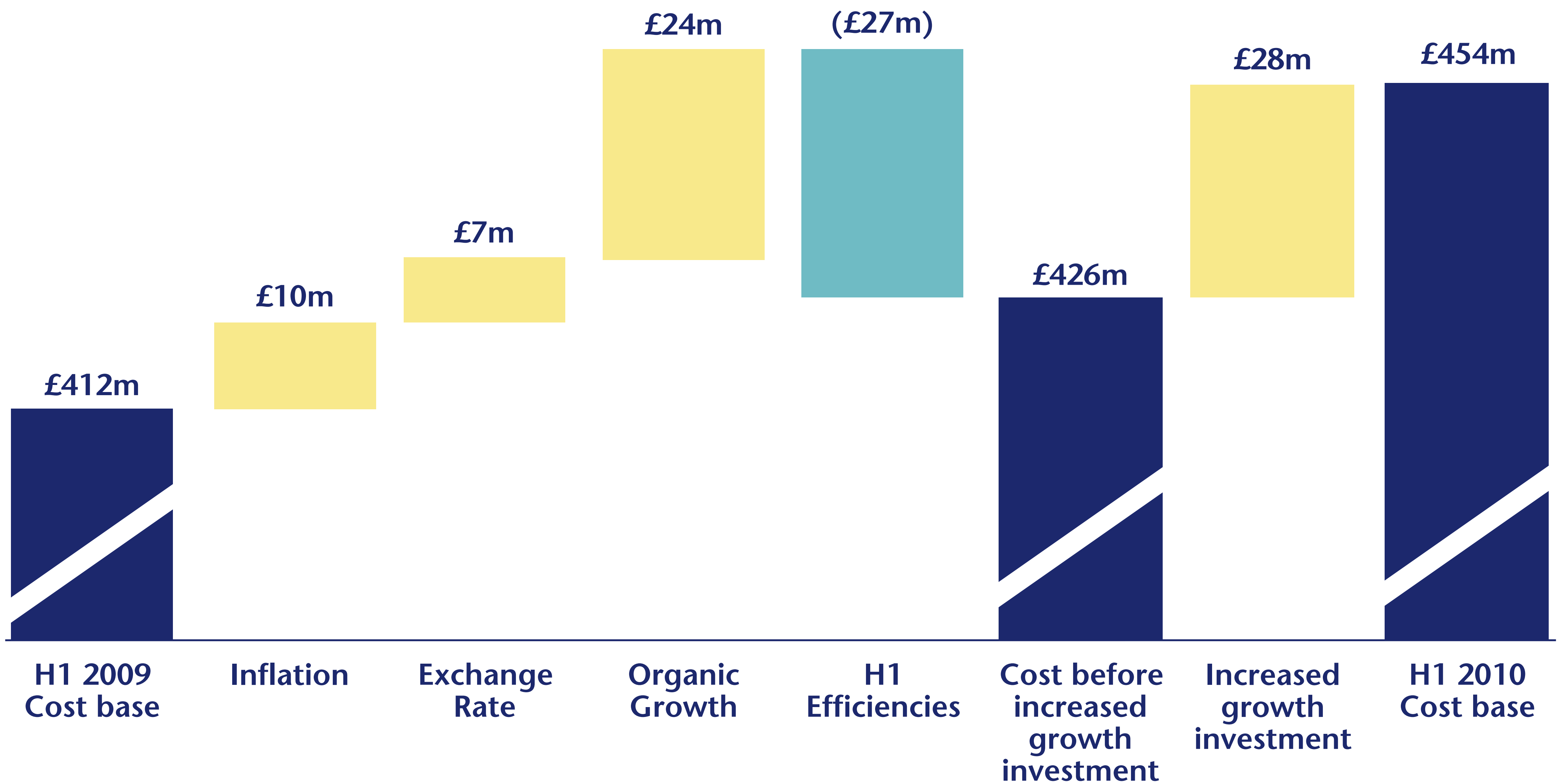
Sustainable profit and cash flow generation underpinning the dividend

Run-off profile of legacy assets generating shareholder cash flow



Assets generating shareholder cash are long-term

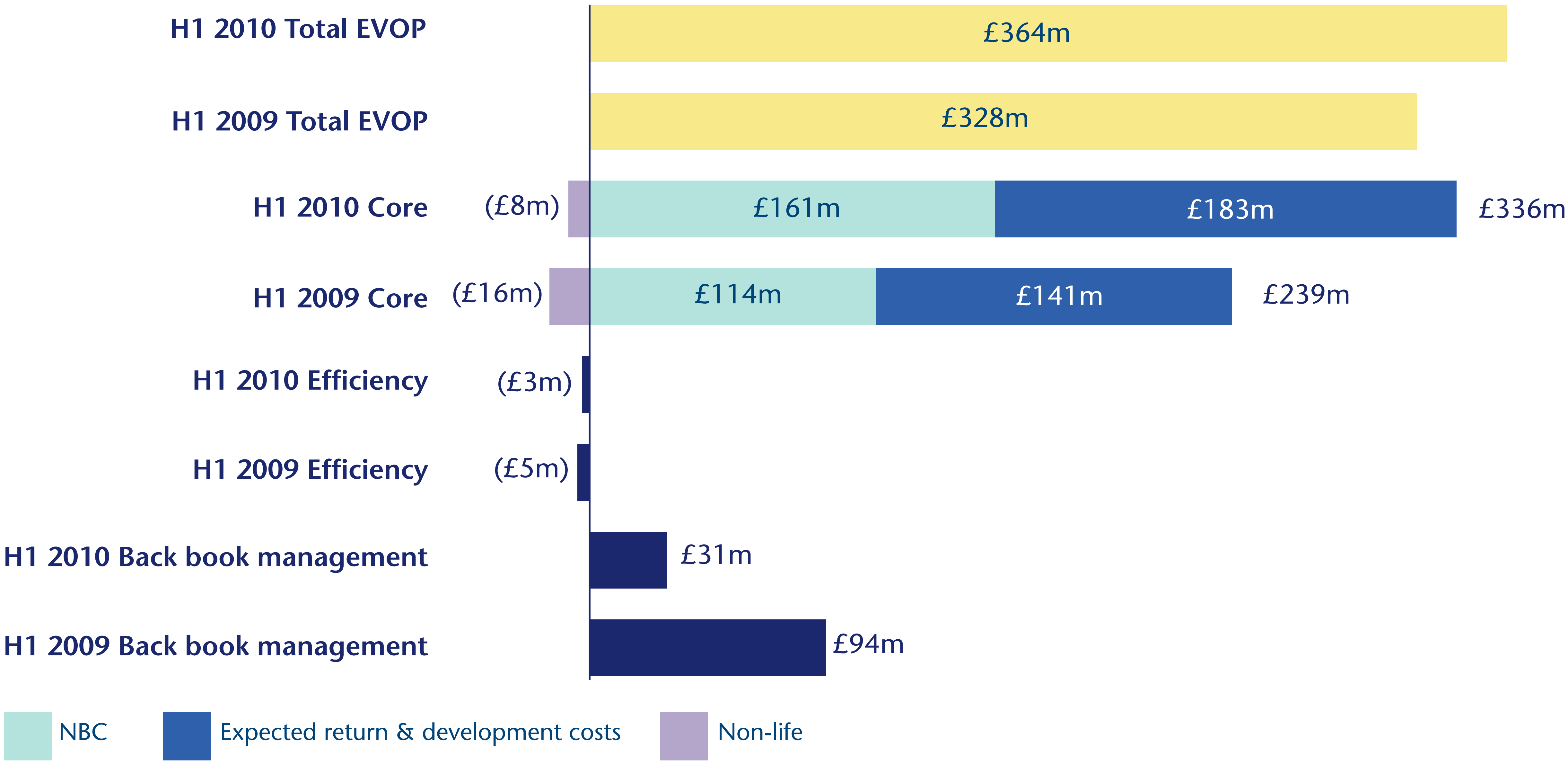
Continuing to drive for efficiency



- Delivered £75m efficiency target
- Making good progress towards further £100m efficiency savings by 2012

On track to deliver improved margins

Group EEV operating profit[1]



(1) From continuing operations

Note: The results of the Hong Kong and joint venture businesses were prepared on an EEV basis for the first time at FY 2009. H1 2009 results include these on an IFRS basis.

Significant increase in core profitability

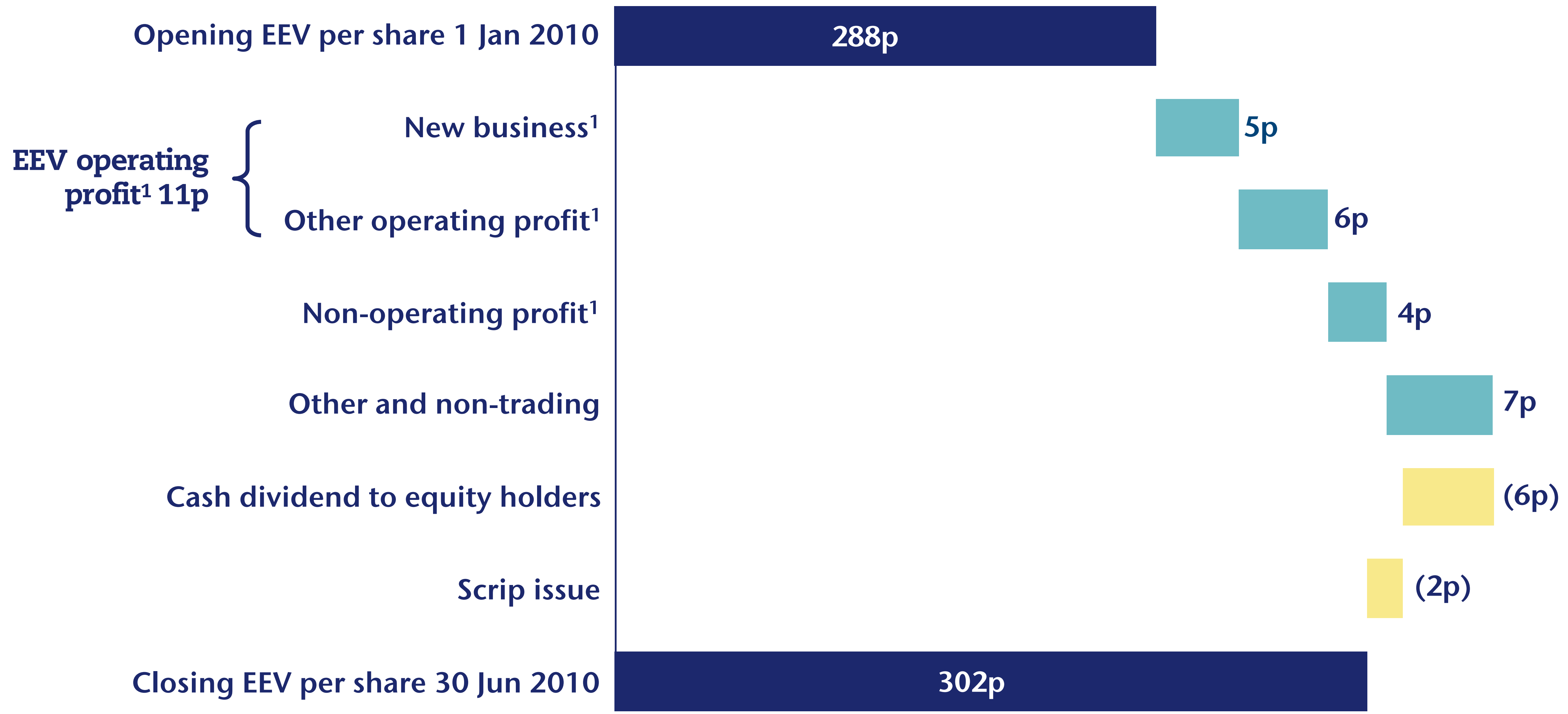
Growing returns – capital-lite products

- 41% increase in new business contribution to £161m (H1 2009: £114m)[1]
- PVNBP margin strengthened to 1.7% (H1 2009: 1.6%)
- IRR strengthened to 19% (H1 2009: 16%)
- Undiscounted payback shortened to 5 years[2] (H1 2009: 6 years)[2]

(1) The results of the Hong Kong and joint venture businesses were prepared on an EEV basis for the first time at FY 2009. H1 2009 results include these on an IFRS basis.
(2) From H1 2010 payback period is calculated on an undiscounted basis for the first time. Prior to this calculation was on a discounted basis. The H1 2009 comparative has been restated.

Strength of return metrics demonstrate the benefit of capital-lite approach

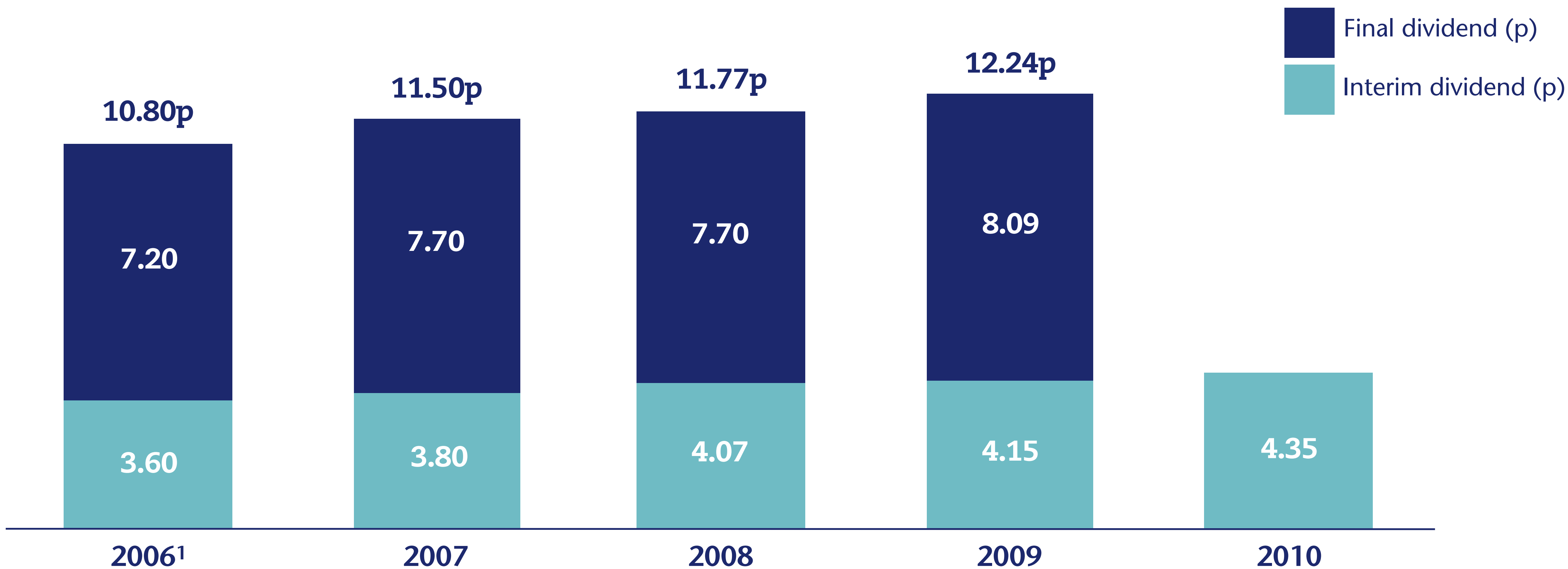
Embedded value development



(1) Profits are shown net of tax

A 5% increase in embedded value per share to 302p

Continued dividend growth



- We have maintained our progressive dividend policy since listing
- Interim dividend of 4.35p
- Growth in interim dividend of 4.8%

(1) Applying our dividend policy to the dividend announced in the 2006 Preliminary Results

We remain focused on delivering a progressive dividend

Financial summary

- Positive net inflows across our markets
- Record third party assets and strategic progress at Standard Life Investments
- 10% increase in IFRS operating profit while investing for growth
- EEV core capital and cash generation up with strong coverage of new business strain and dividend
- Standard Life Bank and Standard Life Healthcare sold
- Dividend growth of 4.8% to 4.35p

Increased momentum in the business

Exciting growth opportunities

David Nish
Chief Executive

Drivers creating significant growth in UK

Attractive asset pools

- Total pensionable assets of £1.4 trillion
- £2.3 trillion assets in our target retail customer segments
- Movement from DB to DC; unbundled to bundled
- Growth in core market segments

Government intervention

- Retail Distribution Review
- Introduction of auto-enrolment
- Revised tax allowances
- Compulsory annuitisation removed
- Solvency 2

Changing customer behaviours

- Increasingly self-directed
- Demanding simpler, more transparent products
- Greater use of technology

Widening long-term savings gap

- Ageing population
- Diminishing state provision

UK an exciting place to do business for Standard Life

Strategically positioned to benefit from UK market trends

Key Trends

- Attractive asset pools
- Government intervention
- Changing customer behaviours
- Widening long-term savings gap

Why we continue to win

- Track record of anticipating & responding to market change
- Multi-channel access to customers
- Innovative corporate & retail propositions
- Established corporate & retail platforms
- Best in class investment management

What we have delivered

- Blended Funds
- Trust Based Pensions
- Corporate ISA
- active money personal pension
- Pension & Flex
- Acquisition of threesixty

What we will deliver

- Employee Wealth Benefits Plan
- Investment Proposition
- Intermediary Digital Proposition
- Enhanced customer access

Clear competitive advantage in our core market

Attractive growth opportunities in India

	Key trends	What we are delivering
Life Joint Venture with HDFC	Favourable demographics Changing legislative and regulatory environment Market shifting to long-term savings Attractive wealth pools Higher savings rates	• New CEO, Amitabh Chaudhry • Driving down costs • Refocusing distribution • Delivering strong business performance • Increased market share • Responding to changing regulation
40% share in HDFC Asset Management		• 4m customer accounts • 1m regular monthly savings customers • Additional 50-60,000 savers per month • £11.6bn of assets under management • Strong investment performance

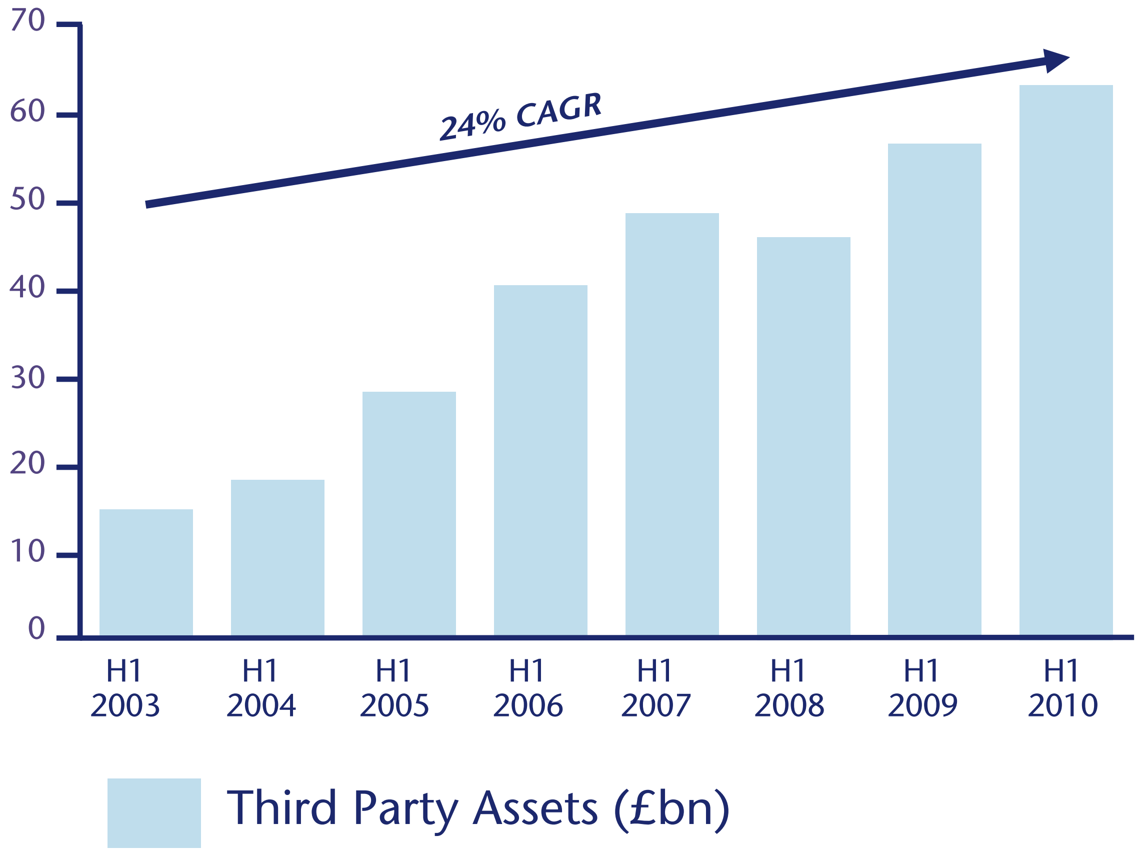
Driving strong performance in India

Recognising the value of our investment management business

Standard Life Investments

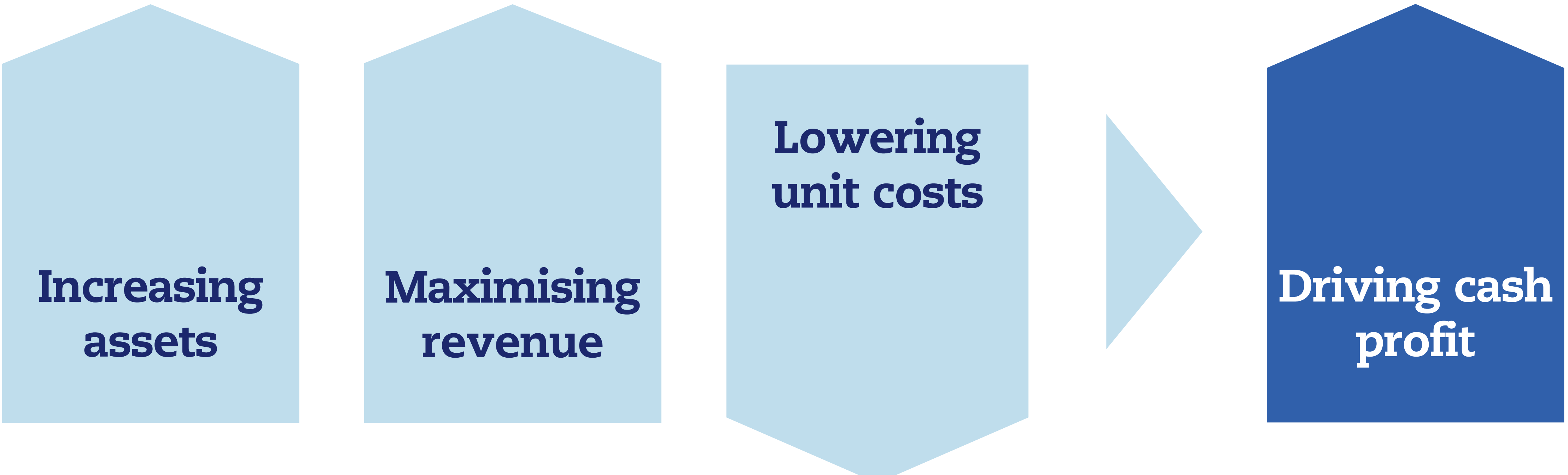
- Sustaining a higher margin business
- Diversifying sources of revenue
- Increasing international balance
- Accelerating growth through broadening into alternatives
- Continued innovation in Absolute Return offerings

Strong growth in third party assets



An exciting business generating greater value

How we deliver value



- Delivering profitable growth
- Increased resources for investment
- Investment returns greater than 15% IRR and payback within 5 years
- Progressive and sustainable dividend

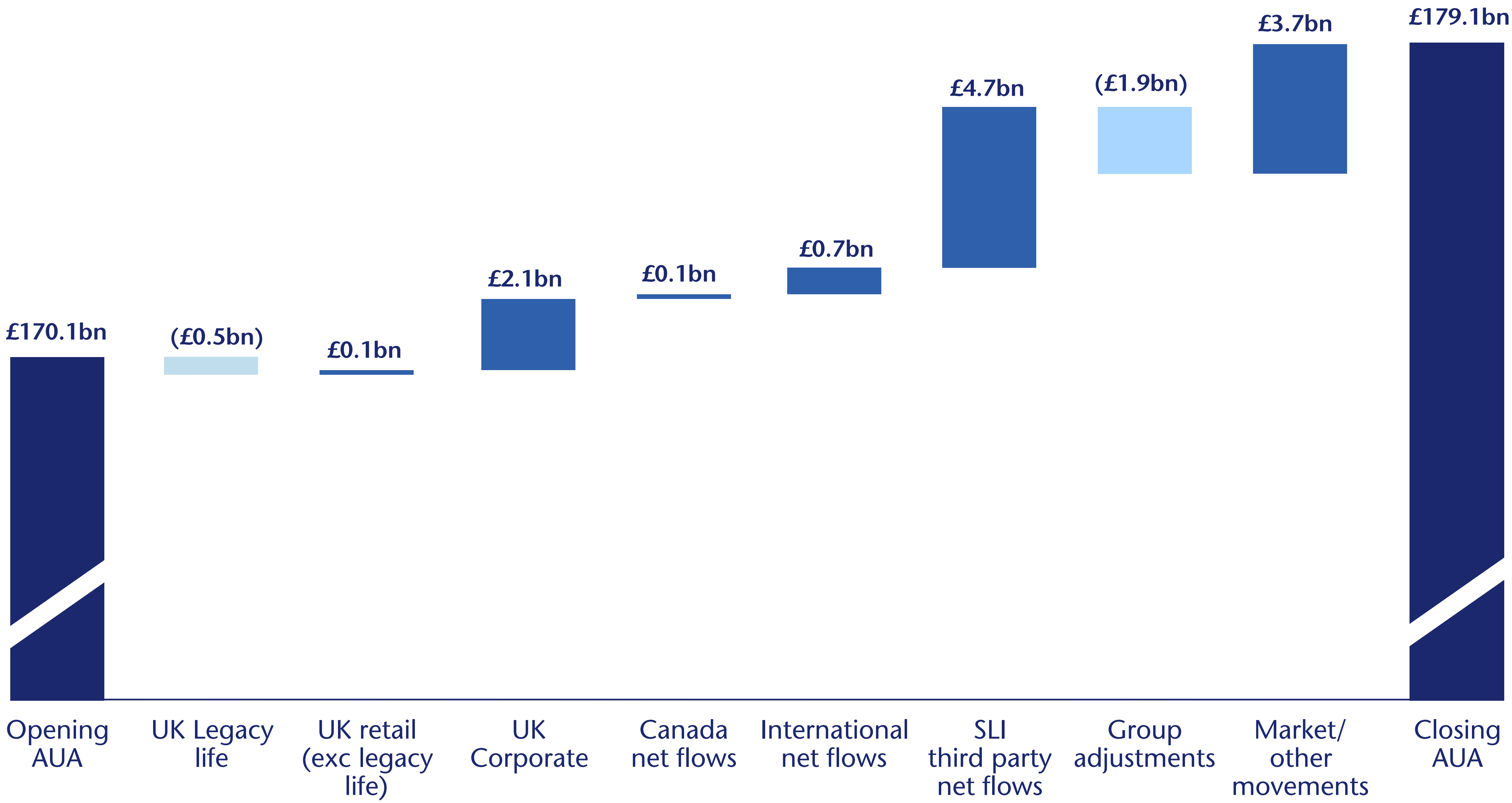
Driving a material increase in cash profitability

Strong operating performance supporting investment for growth

STANDARD LIFE

Appendix

Movement in assets under administration



Growing returns – capital-lite products

	H1 2010					H1 2009	
	IRR %	Undiscounted payback[1] years	PVNBP margin %	NBC £m	PVNBP £m	NBC £m	PVNBP £m
Individual pensions	11%	7	0.7%	14	2,173	14	1,829
Corporate pensions	12%	9	1.4%	24	1,751	29	1,517
Institutional pensions	>40%	<3	1.4%	25	1,842	7	944
Annuities	Infinite	Immediate	17.1%	36	209	46	258
Savings and investments	10%	8	0.4%	4	954	(4)	696
Protection	DIscontinued	DIscontinued	-	-	1	-	2
UK covered business total	**20%**	**5**	**1.5%**	**103**	**6,930**	**92**	**5,246**
Canada	**19%**	**7**	**2.0%**	**31**	**1,581**	**18**	**1,352**
Wholly owned[2]	12%	7	1.6%	13	832	4	594
Joint ventures[2]	26%	3	5.0%	14	288	NA	260
International	**17%**	**5**	**2.5%**	**27**	**1,120**	**4**	**854**
Covered business total	**19%**	**5**	**1.7%**	**161**	**9,631**	**114**	**7,452**

(1) From H1 2010 payback period is calculated on an undiscounted basis for the first time. Prior to this calculation was on a discounted basis.
(2) The results of the Hong Kong and joint venture businesses were prepared on an EEV basis for the first time at FY 2009. H1 2009 results include these on an IFRS basis.

Strength of IRR demonstrates benefit of capital-lite approach

IFRS profitability

	H1 2010 £m	H1 2009 £m
UK	76	80
Canada	62	74
International	8	(8)
Global investment management	49	27
Other	(13)	(7)
IFRS operating profit before tax from continuing operations	182	166
Adjusted for the following items:		
Short-term fluctuations in investment return and economic assumption changes	69	(186)
Restructuring and corporate transaction expenses	(17)	(28)
Other operating profit adjustments	6	1
Profit/(loss) attributable to non-controlling interests	35	(29)
Profit/(loss) before tax attributable to equity holders' profits	275	(76)
(Loss)/profit for the period from discontinued operations	(17)	32
Tax (expense)/credit attributable to:		
Operating profit	(48)	(39)
Adjusted items	7	34
Total profit/(loss) after tax	**217**	**(49)**
Attributable to equity holders	182	(20)
Attributable to non-controlling interests	35	(29)
	217	**(49)**

Insurance Groups Directive

IGD Surplus

30 June 2010	31 December 2009
£3.5bn	£3.6bn

Sensitivity to equity market falls[1,2]

Fall in equities	IGD Surplus
20% (FTSE 3,934)	£3.4bn
30% (FTSE 3,442)	£3.3bn
40% (FTSE 2,950)	£3.1bn

Sensitivity to yields[1,2]

100bps rise in yields (e.g. 3.93% to 4.93%)	£3.3bn

(1) Compared to 30 June 2010
(2) Based on certain assumed management actions appropriate to these stresses

Robust capital position maintained

Capital tier structure

	Jun 2010 £bn	Jun 2009 £bn	Dec 2009 £bn
Group core tier 1	5.6	4.7	5.3
Group innovative tier 1	0.6	0.6	0.6
Deductions from tier 1	(0.8)	(0.8)	(0.8)
Total Group tier 1 capital	**5.4**	**4.5**	**5.1**
Group upper tier 2	0.5	0.8	0.8
Group lower tier 2	0.7	0.7	0.7
Total Group tier 2 capital	**1.2**	**1.5**	**1.5**
Group capital resources before deductions	**6.6**	**6.0**	**6.6**
Group capital resources deductions	(0.1)	(0.2)	(0.2)
Group capital resources requirement	(3.0)	(2.7)	(2.8)
Group capital surplus	**3.5**	**3.1**	**3.6**
Group solvency cover	**217%**	**217%**	**230%**

Robust capital position maintained

Back book management

	UK	Canada	International	HWPF TVOG	H1 2010	H1 2009[1]
					Total	Total
	£m	£m	£m	£m	£m	£m
Lapses	(9)	-	3	-	(6)	(8)
Mortality and morbidity	2	11	2	-	15	13
Tax	(7)	2	(1)	-	(6)	21
Management actions to reduce market risk in UK and HWPF TVOG	-	-	-	-	-	89
Other	29	3	(1)	(3)	28	(21)
Total	**15**	**16**	**3**	**(3)**	**31**	**94**

(1) The results of the Hong Kong and joint venture businesses were prepared on an EEV basis for the first time at FY 2009. H1 2009 results include these on an IFRS basis.

Effective back book management

Capital and cash generation

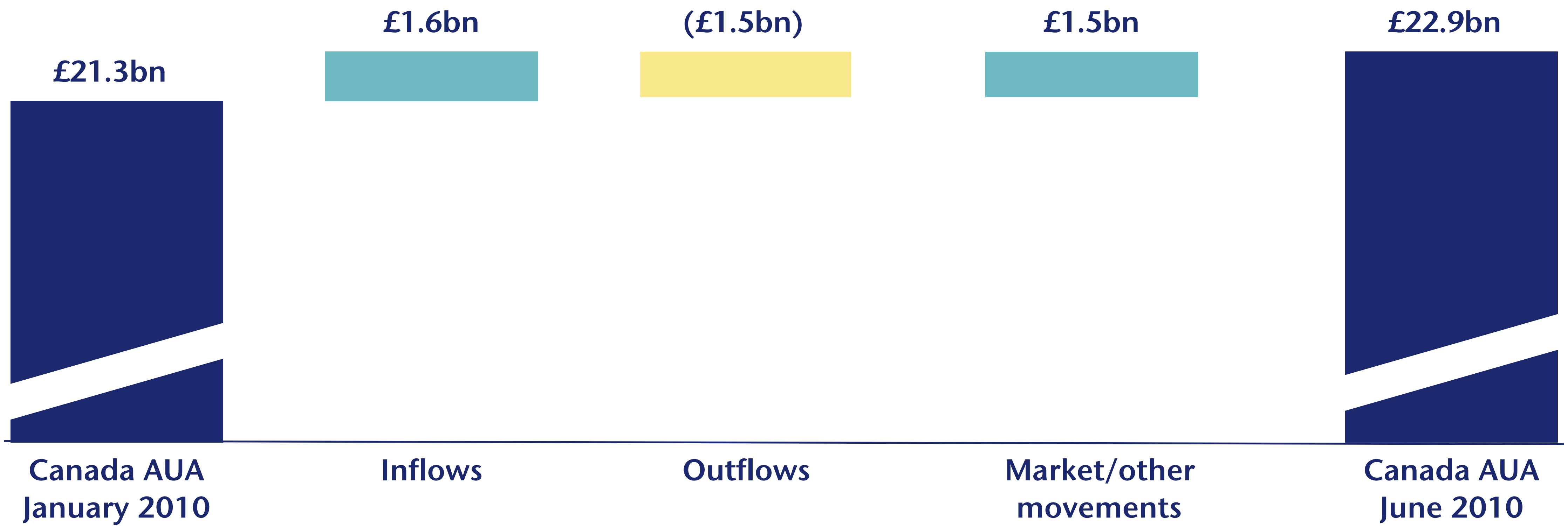
	Free surplus £m	Required capital £m	Net worth £m	PVIF £m	Group EEV £m
31 December 2009	**2,095**	**956**	**3,051**	**3,384**	**6,435**
Operating capital and cash generation from continuing operations	**158**	**(9)**	**149**	**-**	**149**
Non-operating capital and cash generation from continuing operations	150	15	165	-	165
Capital and cash generation from discontinued operations	(17)	-	(17)	-	(17)
PVIF income statement movement	-	-	-	29	29
Profit after tax	**291**	**6**	**297**	**29**	**326**
Dividends[1]	(180)	-	(180)	-	(180)
Other non-trading movements[2]	145	50	195	23	218
30 June 2010	**2,351**	**1,012**	**3,363**	**3,436**	**6,799**

(1) Dividends of £180m include £134m paid in cash and £46m of new shares issued in lieu of cash dividends as part of the Scrip dividend scheme

(2) Other non-trading movements include £46m of share capital issued as part of the Scrip dividend scheme

A resilient balance sheet

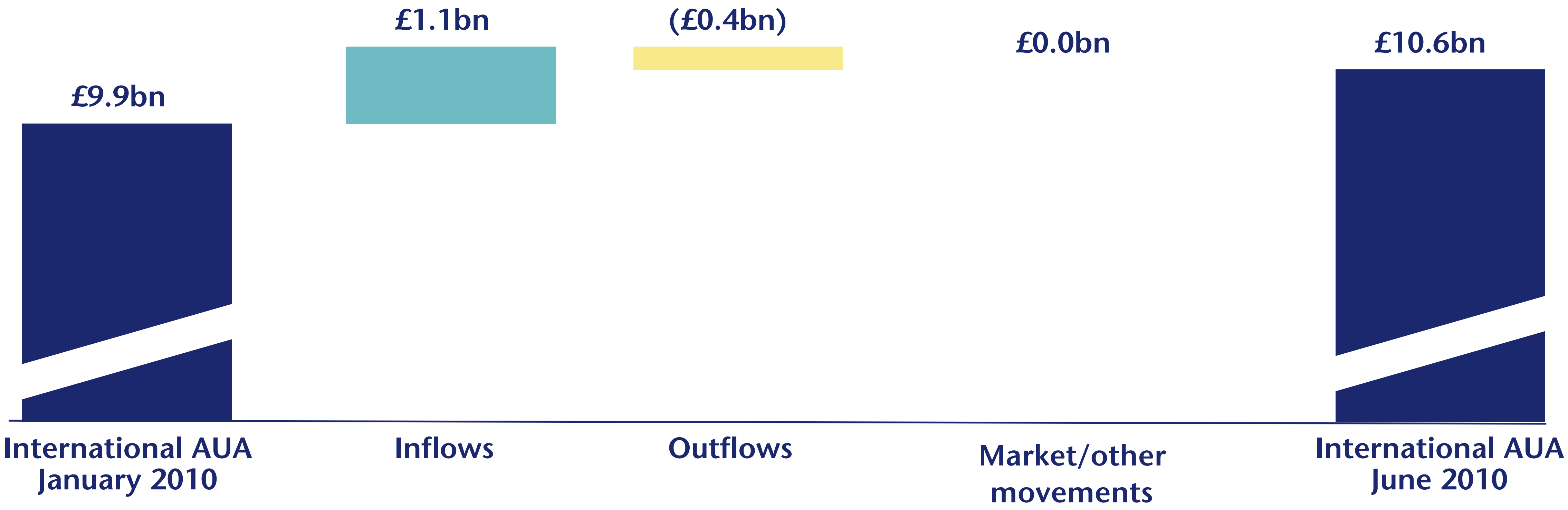
Canada



- Net inflows into higher margin products increased 27%
- Increased inflows and outflows as markets have improved
- Continued strength in disability management

Strong flows in savings and investment products

International



- Strong inflows in Ireland and Hong Kong due to popularity of unit-linked products
- Asian joint ventures providing solid growth and future opportunities

Focus on profitability leading to strong results