

Standard Life group

Press release



Standard Life plc

Interim Management Statement – nine months to 30 September 2008
30 October 2008

Strong net flows in testing market conditions

- Worldwide life and pensions net inflows of £2.3bn¹ (2007: £2.4bn)
- Worldwide third party net investment inflows, excluding money market funds, of £3.2bn (2007: £4.8bn)

New business sales demonstrate robust business model

- Worldwide life and pensions sales marginally higher at £12.4bn (2007: £12.3bn)

Balance sheet resilient

- FGD surplus of £3.4bn at 30 September 2008 (30 June 2008: £3.5bn)
- A further 40% fall in equity markets from 30 September 2008 would result in an FGD surplus of £1.9bn

Group Chief Executive Sandy Crombie said:

“I am pleased to report that Standard Life has produced a solid performance in the first nine months of 2008, despite the market turbulence. The conservative investment management policies we have adopted over the past few years have resulted in a balance sheet that is both strong and resilient.

“While markets are volatile and may remain that way for some time, we are well positioned to continue to attract institutional and retail assets due to our innovative product set, excellence in customer service and strong distribution relationships.”

Unless otherwise stated, all sales figures are on a PVNBP basis and all comparisons are in sterling and with the nine months ending 30 September 2007.

www.standardlife.com

Standard Life plc, registered in Scotland (SC286832), Standard Life House, 30 Lothian Road, Edinburgh EH1 2DH. 0131 225 2552.

Calls may be recorded/monitored.

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Strong net flows in testing market conditions

Total net flows across our Worldwide life and pensions operations¹ were only 2% lower at £2.3bn, the strong growth in our international operations offsetting the continued difficult market conditions in the UK.

UK life and pensions net flows were 15% lower at £1.7bn. Within this total, net Pensions flows excluding volatile Institutional TIP flows were 2% lower at £1.3bn (2007: £1.4bn), reflecting reduced transfer values. In Savings and investments there was a net outflow of £243m (2007: net outflow of £99m) due to lower Investment bond sales that were affected by market uncertainty and recent CGT changes. Against this, we have seen continued strong growth in Offshore bond net inflows. Claims levels across our pensions and with profits portfolios continue to trend downwards and are within long-term assumptions. Claims levels of unit-linked bonds remain consistent with the short-term lapse provision set up at the 2007 year-end.

In Europe, net flows strengthened by 7% to £351m, due to higher German net inflows from regular premium business. Canadian net flows of £292m have increased by 371%, reflecting higher inflows across Group savings and retirement products, which exceeded scheduled annuity payments.

Standard Life Investments has performed well during the period despite the economic uncertainty, with worldwide third party investment net inflows of £1.7bn (2007: £6.1bn). Excluding volatile flows into our money market funds, inflows were £3.2bn (2007: £4.8bn).

New business sales demonstrate robust business model

UK Financial Services

UK life and pensions sales of £9.8bn were 5% lower in the first nine months of 2008, driven by a 6% decrease in pension sales against a strong prior year comparator. Due to normal seasonality across our key product lines, the third quarter is traditionally the weakest of the year. During this quarter, life and pensions sales were 14% lower at £2.6bn (2007: £3.1bn), the impact of expected seasonal trends exaggerated by lower transfer values. Consistent with our strategy to manage our mortgage exposure, gross mortgage lending decreased by 65% to £0.9bn (2007: £2.7bn). Healthcare sales increased by 19% on an APE basis to £19m (2007: £16m).

Individual SIPP funds under administration increased by 13% to £8.7bn² (31 December 2007: £7.7bn), as the impact of net inflows of £1.9bn (2007: £2.7bn) was partly offset by a market-driven reduction in underlying asset values. During the period SIPP customer numbers increased by 30% to 61,000 (31 December 2007: 46,900) with average case sizes across our SIPP portfolio of £142,000 at the end of September (31 December 2007: £164,000).

Individual SIPP sales of £2.9bn were 19% lower than a strong prior year period that reflected heightened activity post A-day. Third quarter sales were 20% lower at £815m. This is largely due to the impact of market movements on average incoming transfer values, which continue to represent the majority of total SIPP sales.

Group pensions sales increased by 10% to £2.3bn, reflecting strong levels of new and incremental business and a large scheme (£224m) won during the first quarter. Group SIPP volumes increased by 31% and accounted for 31% of total Group pensions sales (2007: 26%). At 30 September 2008, UK Group pensions funds under management were £14.6bn (31 December 2007: £15.0bn), the strong growth in new business volumes being offset by negative market movements.

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Savings and investments sales increased by 2% to £2.1bn, though the third quarter saw a drop of 29% in the face of the turbulent market environment. The continued popularity of our retail portfolio bond helped increase Offshore bond sales by 158%. Sales of Mutual funds sold on our Wrap and Fundzone platforms increased by 21% to £493m. However, sales of Investment bonds continued to be impacted by the combination of market uncertainty and the changes in CGT rules and were 20% lower at £1.2bn.

At 30 September 2008, funds under administration on Standard Life's Wrap platform had increased by 45% to £1.6bn (31 December 2007: £1.1bn). At the end of the quarter there were 334 IFA firms using the platform (31 December 2007: 209 firms) and 14,300 customers (31 December 2007: 8,100 customers) with an average fund size of £114,000 (31 December 2007: £133,000).

At 30 September 2008 mortgages under management stood at £10.1bn (31 December 2007: £11.3bn), with an arrears rate of 0.30%, which is a fifth of the Council of Mortgage Lenders industry average reported at 30 June 2008.

Savings balances in our banking operations continue to increase with total savings balances at 30 September 2008 of £4.8bn (31 December 2007: £4.6bn). This total includes combined SIPP and Wrap balances of £1.3bn (31 December 2007: £0.6bn).

Europe

Life and pensions sales in Europe were 29%³ lower with the third quarter trend broadly matching this rate. In Ireland, sales of £228m were 44%³ lower, driven by decreasing property prices and a weak domestic stock market. Sales in Germany of £402m were 16%³ lower and were affected by changes in insurance contract regulations introduced at the beginning of the year and the recent introduction of transparency rules.

Canada

Canadian sales continue to grow following the successful repositioning of the business. Canadian new business increased by 32%³ to £1.6bn despite the adverse impact of the recent financial crisis on retail sales, which has reduced the overall growth reported in the third quarter to 1%. Sales of Group savings and retirement products benefited from a number of mid-size mandates and a large defined benefit administration mandate secured in the second quarter. Stronger sales in Group insurance reflect our continued success in the disability insurance segment.

Asia Pacific

We have continued to see strong growth within our Indian and Chinese joint ventures and our Hong Kong operation. Combined sales across these operations increased by 31%^{3,4} on a PVNBP basis to £413m and by 74%^{3,4} on an APE basis to £91m despite volatile market conditions.

In India, sales increased by 18%^{3,4} on a PVNBP basis and by 66%^{3,4} on an APE basis. Standard Life's share of these sales was £315m (2007: £147m). The number of financial consultants appointed by the joint venture has increased to approximately 188,000 (31 December 2007: 132,000).

In China, sales volumes increased by 81%³ on both a PVNBP and an APE basis, reflecting strong growth in group products and in bank distribution and continued business expansion in major cities within existing provinces. Standard Life's share of these sales was £66m (2007: £33m).

New business sales in Hong Kong were £32m (2007: £13m), representing an increase of 137%³ on a PVNBP basis and 245%³ on an APE basis.

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Standard Life Investments

Third party funds under management remained resilient in the face of extremely volatile markets, decreasing by 6% to £44.7bn (31 December 2007: £47.7bn) during the nine month period in which the FTSE All Share Index fell by 24%. Total funds under management decreased by 14% to £123.6bn (31 December 2007: £143.4bn). Excluding the impact of the UK annuity reinsurance transaction, which reduced funds under management by £6.7bn, total funds under management reduced by 10%.

Money weighted average investment performance over 3, 5 and 10 year periods continues to be comfortably above median and remains a key driver of our strong institutional sales and pipeline. The strength of performance across a range of OEICs and Unit trusts is demonstrated by the high proportion of eligible funds, (19 out of 24), rated 'A' or above by Standard & Poor's.

Balance sheet resilient

The Financial Groups Directive (FGD) surplus of £3.4bn at 30 September 2008 (30 June 2008: £3.5bn, 31 December 2007: £3.6bn) has been insensitive to equity market movements, with a period end solvency cover of 223% (30 June 2008: 206%, 31 December 2007: 166%). The insensitivity of the FGD surplus reflects the structure of the Group post Demutualisation as well as the extensive hedging strategy in place. Our FGD surplus is still strong in the event of further market weakness.

	£bn
FGD surplus at 30 September 2008	3.4
A further 20% fall in equity markets	3.3
A further 30% fall in equity markets	2.6
A further 40% fall in equity markets	1.9

The Heritage With Profits Fund had a residual estate of £0.9bn at 30 September 2008 (30 June 2008: £1.2bn, 31 December 2007: £1.5bn). In order to maintain fairness for all with profits policyholders, Standard Life announced a reduction to final bonuses and an increase in market value reductions for certain with profit policies on 29 October 2008.

We have put in place a number of measures to manage our mortgage exposure during the ongoing period of difficult credit market conditions, and these led to net outflows of £1.2bn from our mortgage business. Following the second maturity from the Lothian securitisation programme, which took place on 24 October 2008, there are no securitisation maturities until 2011. Our banking operation remains well capitalised with a very high quality mortgage book, has access to a diverse range of funding sources and has actively reduced its funding requirements during the year.

Acquisition of Vebnet

On 16 September 2008 Standard Life announced that agreement had been reached on a £24.2m cash offer to acquire the entire issued and to be issued share capital of Vebnet (Holdings) plc. Following the satisfaction of all relevant terms this offer became wholly unconditional on 10 October 2008.

Vebnet has a well established position in the UK employee benefits and online reward market and has developed business activities in Europe and Asia. Vebnet has 145 corporate clients and 293,000 employee users of its flexible benefits proposition. The transaction is consistent with Standard Life's strategy to accelerate the development of its corporate business through strengthening its customer base, opening up new routes to market and developing its existing product range.

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Standard Life group outlook

Conditions across all our markets remain difficult with the combination of weakening economic conditions and an unprecedented level of dislocation in financial markets. Retail investors are likely to remain cautious, preferring to allocate their funds to cash and lower risk assets. Institutional mandates are still expected to grow, albeit at a lower level than the rate of growth seen over the past five years.

Standard Life remains strong and is well-positioned to weather the difficult market and economic conditions.

For further information please contact:

Institutional Equity Investors:

Gordon Aitken	0131 245 6799
Duncan Heath	0131 245 4742
Paul De'Ath	0131 245 9893

Retail Equity Investors:

Computershare	0845 113 0045
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Media:

Barry Cameron	0131 245 6165 / 07712 486 463
Nicola McGowan	0131 245 4016 / 07782 191341
Neil Bennett (Maitland)	020 7379 5151 / 07900 000 777

Debt Investors:

Andy Townsend	0131 245 7260
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Notes to Editors

- Worldwide life and pensions net inflows do not include net inflows in respect of our Asia Pacific joint ventures and our Hong Kong subsidiary.
- Analysis of Individual SIPP funds under administration.

	30 Sep 2008 £m	31 Dec 2007 £m	Change	
			£m	%
Insured Standard Life funds	2,655	2,752	(97)	(4)
Insured external funds	1,485	1,671	(186)	(11)
Collectives – Standard Life Investments	905	834	71	9
Collectives – Funds Network	680	603	77	13
Cash	839	484	355	73
Non collectives	2,092	1,332	760	57
Total	8,656	7,676	980	13
Insured	4,140	4,423	(283)	(6)
Non-insured	4,516	3,253	1,263	39
Total	8,656	7,676	980	13

Of the £8.7bn funds under administration at 30 September 2008, £0.7bn relate to funds on the Wrap platform.

- Comparisons for our International businesses are given on a constant currency basis.
- The growth percentages quoted for India, Asia Pacific life and pensions and Total worldwide life and pensions reflect the growth in sales in HDFC Standard Life Insurance Limited, rather than the growth in Standard Life's share of the joint venture. Sales quoted reflect Standard Life's share of the joint venture.
- There will be a conference call today for newswires and online publications at 8.00am hosted by David Nish, Group Finance Director, Keith Skeoch, Chief Executive of Standard Life Investments, and Paul Matthews, Managing Director of Distribution for UK Financial Services. Dial in telephone number +44 (0)20 7162 0025. Callers should quote Standard Life Media Call.
- There will be a conference call today for investors and analysts at 9.30am hosted by David Nish, Group Finance Director, Keith Skeoch, Chief Executive of Standard Life Investments, and Paul Matthews, Managing Director of Distribution for UK Financial Services. Dial in telephone number +44 (0)20 7162 0025. Callers should quote Standard Life Analysts & Investors Call. The conference ID number is 811976. A recording of this call will be available for replay for one week by dialing +44 (0)20 7031 4064 (access code 811976).

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Insurance Operations net flows (Regulatory Basis) 9 months ended 30 September 2008

	Gross inflows 9 months to 30 Sep 2008 £m	Redemptions 9 months to 30 Sep 2008 £m	Net inflows 9 months to 30 Sep 2008 £m	Gross inflows 9 months to 30 Sep 2007 £m	Redemptions 9 months to 30 Sep 2007 £m	Net inflows 9 months to 30 Sep 2007 £m
UK						
Insured pensions - institutional	1,510	(924)	586	1,553	(836)	717
Insured pensions - other	4,451	(4,386)	65	5,424	(5,115)	309
Non-insured pensions ^(a)	1,523	(249)	1,274	1,199	(146)	1,053
Total pensions	7,484	(5,559)	1,925	8,176	(6,097)	2,079
Life products	1,704	(2,800)	(1,096)	2,094	(2,718)	(624)
Offshore bonds	468	(48)	420	168	(6)	162
Mutual Funds ^(b)	450	(17)	433	363	-	363
Total savings and investments	2,622	(2,865)	(243)	2,625	(2,724)	(99)
UK life and pensions	10,106	(8,424)	1,682	10,801	(8,821)	1,980
Europe						
Ireland	256	(376)	(120)	359	(433)	(74)
Germany	520	(49)	471	436	(33)	403
Europe life and pensions	776	(425)	351	795	(466)	329
Canada						
Group Savings and Retirement	1,135	(827)	308	787	(783)	4
Individual Insurance, Savings and Retirement	314	(475)	(161)	314	(432)	(118)
Group Insurance	228	(135)	93	190	(114)	76
Mutual Funds ^(b)	180	(128)	52	214	(114)	100
Canada life and pensions	1,857	(1,565)	292	1,505	(1,443)	62
Total worldwide life and pensions excluding Asia Pacific	12,739	(10,414)	2,325	13,101	(10,730)	2,371

(a) UK Pensions net flows include the non-insurance element of SIPP product, which is also included within UK Mutual Fund net flows in the third party Investment Operations figures.

(b) The Mutual Funds net flows are also included within Mutual Fund net flows in the third party Investment Operations figures.

Insurance operations new business 9 months ended 30 September 2008

	Single Premiums		New Regular Premiums		PVNBP			Change in constant currency (f) (g)
	9 months to 30 Sep 2008 £m	9 months to 30 Sep 2007 £m	9 months to 30 Sep 2008 £m	9 months to 30 Sep 2007 £m	9 months to 30 Sep 2008 £m	9 months to 30 Sep 2007 £m	Change (f) %	
UK								
Insured SIPP & Drawdown	991	2,001	26	42	1,124	2,222	(49%)	(49%)
Non-insured SIPP (a)	1,620	1,277	29	17	1,765	1,355	30%	30%
Individual SIPP	2,611	3,278	55	59	2,889	3,577	(19%)	(19%)
Individual Pensions (b)	472	531	26	30	571	660	(13%)	(13%)
Group Pensions (b)	868	825	353	337	2,292	2,086	10%	10%
Institutional Pensions	1,410	1,471	60	-	1,554	1,471	6%	6%
Pensions	5,361	6,105	494	426	7,306	7,794	(6%)	(6%)
Investment Bonds	1,186	1,488	-	-	1,186	1,488	(20%)	(20%)
Offshore Bonds	433	168	-	-	433	168	158%	158%
Mutual Funds (c)	443	363	7	6	493	406	21%	21%
Savings and Investments	2,062	2,019	7	6	2,112	2,062	2%	2%
Annuities	361	381	-	-	361	381	(5%)	(5%)
Protection	-	-	2	3	6	19	(68%)	(68%)
UK life and pensions	7,784	8,505	503	435	9,785	10,256	(5%)	(5%)
Europe								
Ireland	182	290	9	15	228	354	(36%)	(44%)
Germany	30	40	36	35	402	417	(4%)	(16%)
Europe life and pensions	212	330	45	50	630	771	(18%)	(29%)
Canada								
Group Savings and Retirement Individual Insurance, Savings and Retirement	503	258	33	17	943	481	96%	77%
Group Insurance (d)	236	237	1	2	252	262	(4%)	(13%)
Mutual Funds (c)	-	-	26	15	187	112	67%	50%
Canada life and pensions	180	214	-	-	180	214	(16%)	(24%)
Canada life and pensions	919	709	60	34	1,562	1,069	46%	32%
Asia Pacific								
India (e)	12	4	73	24	315	147	22% (h)	18% (h)
China (e)	45	24	5	2	66	33	100%	81%
Hong Kong	8	6	6	1	32	13	146%	137%
Asia Pacific life and pensions	65	34	84	27	413	193	35% (h)	31% (h)
Total worldwide life and pensions	8,980	9,578	692	546	12,390	12,289	- (h)	(2%) (h)

- (a) Non-insurance element of SIPP is also included within UK Mutual Funds cash inflows in the Investment Operations figures.
- (b) Single premiums include Department of Work and Pensions rebate premiums of £272m (2007: £231m), comprising Individual Pension rebates of £148m (2007: £132m) and Group Pensions rebates of £125m (2007: £99m).
- (c) 9 months ended 30 September 2007 have been re-stated to include certain Mutual Funds. The Mutual Funds new business sales are also included within Mutual Funds cash inflows in the Investment Operations figures.
- (d) Canada Group Insurance includes £2.4m of new regular premiums in respect of Consultation policies, representing the comparable full premium for £0.3m of new annualised fee income.
- (e) Standard Life's share of the joint venture company's new business except as noted in (h) below.
- (f) % change is calculated on the figures rounded to millions.
- (g) Calculated using constant rates of exchange.
- (h) Calculated based on the percentage movement in the new business of HDFC Standard Life Insurance Company Limited as a whole to avoid distortion due to changes in the Group's shareholding in the joint venture during 2007.
- (i) New business gross sales for overseas operations are calculated using average exchange rates. The principal average rates for the 9 months to 30 September 2008 were £1:C\$1.98 (2007: £1:C\$2.19) and £1:€1.29 (2007: £1:€1.48).

Insurance operations new business *continued* 9 months ended 30 September 2008

	APE			
	9 months to 30 Sep 2008 £m	9 months to 30 Sep 2007 £m	Change (f) %	Change in constant currency (f) (g) %
UK				
Insured SIPP & Drawdown	125	242	(48%)	(48%)
Non-insured SIPP (a)	191	144	33%	33%
Individual SIPP	316	386	(18%)	(18%)
Individual Pensions (b)	74	83	(11%)	(11%)
Group Pensions (b)	440	420	5%	5%
Institutional Pensions	201	147	37%	37%
Pensions	1,031	1,036	-	-
Investment Bonds	118	149	(21%)	(21%)
Offshore Bonds	43	17	153%	153%
Mutual Funds (c)	52	42	24%	24%
Savings and Investments	213	208	2%	2%
Annuities	37	38	3%	3%
Protection	2	3	(33%)	(33%)
UK life and pensions	1,283	1,285	-	-
Europe				
Ireland	28	44	(36%)	(46%)
Germany	39	39	-	(14%)
Europe life and pensions	67	83	(19%)	(31%)
Canada				
Group Savings and Retirement	83	42	98%	77%
Individual Insurance, Savings and Retirement	25	26	(4%)	(14%)
Group Insurance (d)	26	15	73%	55%
Mutual Funds (c)	18	21	(14%)	(23%)
Canada life and pensions	152	104	46%	31%
Asia Pacific				
India (e)	74	25	70% (h)	66% (h)
China (e)	10	5	100%	81%
Hong Kong	7	2	250%	245%
Asia Pacific life and pensions	91	32	82% (h)	74% (h)
Total worldwide life and pensions	1,593	1,504	5% (h)	3% (h)

- (a) Non-insurance element of SIPP is also included within UK Mutual Funds cash inflows in the Investment Operations figures.
- (b) Single premiums include Department of Work and Pensions rebate premiums of £272m (2007: £231m), comprising Individual Pension rebates of £148m (2007: £132m) and Group Pensions rebates of £125m (2007: £99m).
- (c) 9 months ended 30 September 2007 have been re-stated to include certain Mutual Funds. The Mutual Funds new business sales are also included within Mutual Funds cash inflows in the Investment Operations figures.
- (d) Canada Group Insurance includes £2.4m of new regular premiums in respect of Consultation policies, representing the comparable full premium for £0.3m of new annualised fee income.
- (e) Standard Life's share of the joint venture company's new business except as noted in (h) below.
- (f) % change is calculated on the figures rounded to millions.
- (g) Calculated using constant rates of exchange.
- (h) Calculated based on the percentage movement in the new business of HDFC Standard Life Insurance Company Limited as a whole to avoid distortion due to changes in the Group's shareholding in the joint venture during 2007.
- (i) New business gross sales for overseas operations are calculated using average exchange rates. The principal average rates for the 9 months to 30 September 2008 were £1:C\$1.98 (2007: £1:C\$2.19) and £1:€1.29 (2007: £1:€1.48).

Investment operations 9 months ended 30 September 2008

		Opening FUM 1 Jan 2008 £m	Gross Inflows £m	Redemptions £m	Net Inflows £m	Market & other movements £m	Net movement in FUM £m	Closing FUM 30 Sep 2008 £m
UK	Mutual Funds ^(a)	6,020	925 ^(b)	(868)	57	(1,289)	(1,232)	4,788
	Private Equity	2,597	442	(23)	419	159	578	3,175
	Segregated Funds	10,724	2,621	(434)	2,187	(1,338) ^(c)	849	11,573
	Pooled Property Funds	589	42	-	42	299 ^(c)	341	930
Total UK		19,930	4,030	(1,325)	2,705	(2,169)	536	20,466
Canada	Mutual Funds ^(a)	1,540	185 ^(e)	(132)	53	(167)	(114)	1,426
	Separate Mandates ^(d)	1,660	136	(238)	(102)	(82)	(184)	1,476
Total Canada		3,200	321	(370)	(49)	(249)	(298)	2,902
International	Europe	83	398	(25)	373	10	383	466
	Asia (excluding India)	124	3	(31)	(28)	(35)	(63)	61
	India	2,476	219 ^(f)	-	219	(418)	(199)	2,277
Total International		2,683	620	(56)	564	(443)	121	2,804
Total worldwide investment products excluding money market funds		25,813	4,971	(1,751)	3,220	(2,861)	359	26,172
Money market funds ^(g)		6,082	-	(1,489)	(1,489)	(321)	(1,810)	4,272
Total worldwide investment products		31,895	4,971	(3,240)	1,731	(3,182)	(1,451)	30,444

Total third party funds under management (FUM) comprise the investment business noted above together with third party insurance contracts. New business relating to third party insurance contracts is disclosed as insurance business for reporting purposes. An analysis of total third party funds under management is shown below.

	Opening FUM 1 Jan 2008 £m	Gross Inflows £m	Redemptions £m	Net Inflows £m	Market & other movements £m	Net movement in FUM £m	Closing FUM 30 Sep 2008 £m
Third Party Investment Products	31,895	4,971	(3,240)	1,731	(3,182)	(1,451)	30,444
Third Party Insurance Contracts (new business classified as insurance products)	15,805	2,040	(1,323)	717	(2,220) ^(c)	(1,503)	14,302
Total third party funds under management	47,700	7,011	(4,563)	2,448	(5,402)	(2,954)	44,746
Standard Life Investments - total funds under management	143,396						123,620 ^(h)

- (a) Included within Mutual Funds are cash inflows which have also been reflected in UK and Canada Mutual Fund new business sales.
- (b) In the 9 months to 30 September 2007 UK Mutual Funds gross inflows were £2,011m and net inflows were £1,401m.
- (c) Included within market and other movements there is an internal reclassification between Property (£368m increase), Third Party Insurance contracts (£463m decrease) and Segregated Funds (£95m increase).
- (d) Separate Mandates refers to investment funds products sold in Canada exclusively to institutional customers. These products contain no insurance risk and consist primarily of defined benefit pension plan assets for which Standard Life Investments exclusively provides portfolio advisory services.
- (e) In the 9 months to 30 September 2007 Canadian Mutual Funds gross inflows were £208m and net inflows were £100m.
- (f) International gross inflows include India where, due to the nature of the Indian investment sales market, the new business is shown as the net of sales less redemptions.
- (g) Due to the nature of the money market funds, the flows shown are calculated using average net client balances. Other movements are derived as the difference between these average net inflows and the movement in the opening and closing FUM.
- (h) Closing FUM reflects the transfer out of £6.7bn of FUM in relation to UK immediate annuity liabilities to Canada Life International Re, reflecting the reinsurance agreement disclosed in the press release dated 14 February 2008.
- (i) Funds denominated in foreign currencies have been translated to Sterling using the closing exchange rates at 30 September 2008. Investment fund flows are translated at average exchange rates. Gains and losses arising from the translation of funds denominated in foreign currencies are included in the market and other movements column. The principal closing exchange rates used as at 30 September 2008 were £1: C\$1.90 (31 December 2007: £1:C\$1.96) and £1:€1.27 (31 December 2007: £1:€1.36). The principal average rates for the 9 months to 30 September 2008 were £1:C\$1.98 (2007: £1:C\$2.19) and £1:€1.29 (2007: £1:€1.48).

Insurance Operations net flows (Regulatory Basis) 3 months ended 30 September 2008

	Gross inflows 3 months to 30 Sep 2008 £m	Redemptions 3 months to 30 Sep 2008 £m	Net inflows 3 months to 30 Sep 2008 £m	Gross inflows 3 months to 30 Sep 2007 £m	Redemptions 3 months to 30 Sep 2007 £m	Net inflows 3 months to 30 Sep 2007 £m
UK						
Insured pensions - institutional	629	(268)	361	522	(258)	264
Insured pensions - other	1,242	(1,418)	(176)	1,631	(1,662)	(31)
Non-insured pensions ^(a)	449	(85)	364	370	(56)	314
Total pensions	2,320	(1,771)	549	2,523	(1,976)	547
Life products	335	(936)	(601)	650	(915)	(265)
Offshore bonds	176	(21)	155	86	(2)	83
Mutual Funds ^(b)	158	(7)	151	144	-	144
Total savings and investments	669	(964)	(295)	880	(916)	(38)
UK life and pensions	2,989	(2,735)	254	3,402	(2,893)	510
Europe						
Ireland	81	(122)	(41)	107	(120)	(13)
Germany	177	(18)	160	147	(16)	131
Europe life and pensions	258	(139)	119	254	(136)	118
Canada						
Group Savings and Retirement	257	(255)	2	235	(225)	10
Individual Insurance, Savings and Retirement	92	(149)	(57)	108	(144)	(36)
Group Insurance	77	(45)	32	65	(41)	24
Mutual Funds ^(b)	49	(38)	11	65	(33)	32
Canada life and pensions	475	(487)	(12)	473	(443)	30
Total worldwide life and pensions excluding Asia Pacific	3,722	(3,361)	361	4,129	(3,471)	657

(a) UK Pensions net flows include the non-insurance element of SIPP product, which is also included within UK Mutual Fund net flows in the third party Investment Operations figures.

(b) The Mutual Funds net flows are also included within Mutual Fund net flows in the third party Investment Operations figures.

Insurance operations new business 3 months ended 30 September 2008

	Single Premiums		New Regular Premiums		PVNBP			Change in constant currency ^{(e)(f)}
	3 months to 30 Sep 2008	3 months to 30 Sep 2007	3 months to 30 Sep 2008	3 months to 30 Sep 2007	3 months to 30 Sep 2008	3 months to 30 Sep 2007	Change ^(e)	
	£m	£m	£m	£m	£m	£m	%	%
UK								
Insured SIPP & Drawdown	236	572	7	11	272	624	(56%)	(56%)
Non-insured SIPP ^(a)	502	370	8	7	543	397	37%	37%
Individual SIPP	738	942	15	18	815	1,021	(20%)	(20%)
Individual Pensions ^(b)	118	134	7	10	136	180	(24%)	(24%)
Group Pensions ^(b)	203	241	85	91	489	543	(10%)	(10%)
Institutional Pensions	590	489	-	-	590	489	21%	21%
Pensions	1,649	1,806	107	119	2,030	2,233	(9%)	(9%)
Investment Bonds	161	449	-	-	161	449	(64%)	(64%)
Offshore Bonds	163	84	-	-	163	84	94%	94%
Mutual Funds ^(c)	151	144	2	2	169	163	4%	4%
Savings and Investments	475	677	2	2	493	696	(29%)	(29%)
Annuities	109	124	-	-	109	124	(12%)	(12%)
Protection	-	-	1	1	2	6	(67%)	(67%)
UK life and pensions	2,233	2,607	110	122	2,634	3,059	(14%)	(14%)
Europe								
Ireland	56	87	2	3	71	101	(30%)	(40%)
Germany	10	13	13	13	140	157	(11%)	(23%)
Europe life and pensions	66	100	15	16	211	258	(18%)	(30%)
Canada								
Group Savings and Retirement	65	67	8	7	176	142	24%	13%
Individual Insurance, Savings and Retirement	67	82	-	-	72	90	(20%)	(26%)
Group Insurance	-	-	9	5	64	34	88%	77%
Mutual Funds ^(c)	49	65	-	-	49	65	(25%)	(29%)
Canada life and pensions	181	214	17	12	361	331	9%	1%
Asia Pacific								
India ^(d)	2	-	26	7	109	45	20% ^(g)	20% ^(g)
China ^(d)	14	11	2	1	24	14	71%	50%
Hong Kong	2	5	3	-	14	9	56%	45%
Asia Pacific life and pensions	18	16	31	8	147	68	30%^(g)	27%^(g)
Total worldwide life and pensions	2,498	2,937	173	158	3,353	3,716	(11%)^(g)	(13%)^(g)

- (a) Non-insurance element of SIPP is also included within UK Mutual Fund cash inflows in the Investment Operations figures.
- (b) Single premiums include Department of Work and Pensions rebate premiums of £93m (2007: £66m), comprising Individual Pension rebates of £48m (2007: £39m) and Group Pensions rebates of £45m (2007: £27m).
- (c) 3 months ended 30 September 2007 have been re-stated to include certain Mutual Funds. The Mutual Funds new business sales are also included within Mutual Funds cash inflows in the Investment Operations figures.
- (d) Standard Life's share of the Joint Venture Company's New Business except as noted in (g) below.
- (e) % change is calculated on the figures rounded to millions.
- (f) Calculated using constant rates of exchange.
- (g) Calculated based on the percentage movement in the new business of HDFC Standard Life Insurance Company Limited as a whole to avoid distortion due to changes in the Group's shareholding in the joint venture during 2007.
- (h) New business gross sales for overseas operations are calculated using average exchange rates. The principal average rates for the 9 months to 30 September 2008 were £1: C\$1.98 (2007: £1: C\$2.19) and £1: €1.29 (2007: £1: €1.48).

Insurance operations new business *continued* 3 months ended 30 September 2008

	APE			
	3 months to 30 Sep 2008 £m	3 months to 30 Sep 2007 £m	Change (e) %	Change in constant currency (e) (f) %
UK				
Insured SIPP & Drawdown	31	68	(54%)	(54%)
Non-insured SIPP (a)	58	43	35%	35%
Individual SIPP	89	111	(20%)	(20%)
Individual Pensions (b)	19	23	(17%)	(17%)
Group Pensions (b)	105	116	(9%)	(9%)
Institutional Pensions	59	49	20%	20%
Pensions	272	299	(9%)	(9%)
Investment Bonds	16	45	(64%)	(64%)
Offshore Bonds	16	9	78%	78%
Mutual Funds (c)	18	17	6%	6%
Savings and Investments	50	71	(30%)	(30%)
Annuities	12	12	-	-
Protection	1	1	-	-
UK life and pensions	335	383	(13%)	(13%)
Europe				
Ireland	9	12	(25%)	(35%)
Germany	14	15	(7%)	(23%)
Europe life and pensions	23	27	(15%)	(28%)
Canada				
Group Savings and Retirement	15	13	15%	4%
Individual Insurance, Savings and Retirement	7	9	(22%)	(26%)
Group Insurance	9	5	80%	80%
Mutual Funds (c)	5	6	(17%)	(29%)
Canada life and pensions	36	33	9%	-
Asia Pacific				
India (d)	26	8	69% (g)	70% (g)
China (d)	4	3	33%	43%
Hong Kong	4	1	300%	238%
Asia Pacific life and pensions	34	12	65% (g)	77% (g)
Total worldwide life and pensions	428	455	(8%) (g)	(9%) (g)

- (a) Non-insurance element of SIPP is also included within UK Mutual Fund cash inflows in the Investment Operations figures.
 (b) Single premiums include Department of Work and Pensions rebate premiums of £93m (2007: £66m), comprising Individual Pension rebates of £48m (2007: £39m) and Group Pensions rebates of £45m (2007: £27m).
 (c) 3 months ended 30 September 2007 have been re-stated to include certain Mutual Funds. The Mutual Funds new business sales are also included within Mutual Funds cash inflows in the Investment Operations figures.
 (d) Standard Life's share of the Joint Venture Company's New Business except as noted in (g) below.
 (e) % change is calculated on the figures rounded to millions.
 (f) Calculated using constant rates of exchange.
 (g) Calculated based on the percentage movement in the new business of HDFC Standard Life Insurance Company Limited as a whole to avoid distortion due to changes in the Group's shareholding in the joint venture during 2007.
 (h) New business gross sales for overseas operations are calculated using average exchange rates. The principal average rates for the 9 months to 30 September 2008 were £1:C\$1.98 (2007: £1:C\$2.19) and £1:€1.29 (2007: £1:€1.48).

Investment operations
3 months ended 30 September 2008

		Opening FUM 1 July 2008 £m	Gross Inflows £m	Redemptions £m	Net Inflows £m	Market & other movements £m	Net movement in FUM £m	Closing FUM 30 Sep 2008 £m
UK	Mutual Funds ^(a)	5,375	352 ^(b)	(299)	53	(640)	(587)	4,788
	Private Equity	2,955	232	(8)	224	(4)	220	3,175
	Segregated Funds	12,289	218	(196)	22	(738) ^(c)	(716)	11,573
	Pooled Property Funds	616	-	-	-	314 ^(c)	314	930
Total UK		21,235	802	(503)	299	(1,068)	769	20,466
Canada	Mutual Funds ^(a)	1,469	55 ^(e)	(42)	13	(56)	(43)	1,426
	Separate Mandates ^(d)	1,665	30	(134)	(104)	(85)	(189)	1,476
Total Canada		3,134	85	(176)	(91)	(141)	(232)	2,902
International	Europe	73	380	(3)	377	16	393	466
	Asia (excluding India)	85	1	(4)	(3)	(21)	(24)	61
	India	2,205	(16) ^(f)	-	(16)	88	72	2,277
Total International		2,363	365	(7)	358	83	441	2,804
Total worldwide investment products excluding money market funds		26,732	1,252	(686)	566	(1,126)	(560)	26,172
Money market funds ^(g)		5,497	-	(1,173)	(1,173)	(52)	(1,225)	4,272
Total worldwide investment products		32,229	1,252	(1,859)	(607)	(1,178)	(1,785)	30,444

Total third party funds under management comprise the investment business noted above together with third party insurance contracts. New Business relating to third party insurance contracts is disclosed as insurance business for reporting purposes. An analysis of total third party funds under management is shown below.

	Opening FUM 1 July 2008 £m	Gross Inflows £m	Redemptions £m	Net Inflows £m	Market & other movements £m	Net movement in FUM £m	Closing FUM 30 Sep 2008 £m
Third Party Investment Products	32,229	1,252	(1,859)	(607)	(1,178)	(1,785)	30,444
Third Party Insurance Contracts (new business classified as insurance products)	15,253	793	(396)	397	(1,348) ^(c)	(951)	14,302
Total third party funds under management	47,482	2,045	(2,255)	(210)	(2,526)	(2,736)	44,746
Standard Life Investments - total funds under management	130,553						123,620 ^(h)

- (a) Included within Mutual Funds are cash inflows which have also been reflected in UK and Canada Mutual Fund new business sales.
- (b) In the 3 months to 30 September 2007 UK Mutual Funds gross inflows were £511m and net inflows were £288m.
- (c) Included within market and other movements there is an internal reclassification between Property (£368m increase), Third party Insurance contracts (£463m decrease) and Segregated Funds (£95m increase).
- (d) Separate Mandates refers to investment funds products sold in Canada exclusively to institutional customers. These products contain no insurance risk and consist primarily of defined benefit pension plan assets for which SLI exclusively provides portfolio advisory services.
- (e) In the 3 months to 30 September 2007 Canadian Mutual Funds gross inflows were £57m and net inflows were £31m.
- (f) International gross inflows include India where, due to the nature of the Indian investment sales market, the new business is shown as the net of sales less redemptions.
- (g) Due to the nature of the money market funds, the flows shown are calculated using average net client balances. Other movements are derived as the difference between these average net inflows and the movement in the opening and closing FUM.
- (h) Closing FUM reflects the transfer out of £6.7bn of FUM in relation to UK immediate annuity liabilities to Canada Life International Re, reflecting the reinsurance agreement disclosed in the press release dated 14 February 2008.
- (i) Funds denominated in foreign currencies have been translated to Sterling using the closing exchange rates at 30 September 2008. Investment fund flows are translated at average exchange rates. Gains and losses arising from the translation of funds denominated in foreign currencies are included in the market and other movements column. The principal closing exchange rates used as at 30 September 2008 were £1: C\$1.90 (30 June 2008: £1:C\$2.02) and £1:€1.27 (30 June 2008: £1:€1.26). The principal average rates for the 9 months to 30 September 2008 were £1: C\$1.98 (2007: £1:C\$2.19) and £1:€1.29 (2007: £1:€1.48).

Insurance operations new business 15 months ended 30 September 2008

	Present Value of New Business Premiums (PVNBP)				
	3 months to 30 Sep 2008 £m	3 months to 30 June 2008 £m	3 months to 31 March 2008 £m	3 months to 31 Dec 2007 ^(a) £m	3 months to 30 Sep 2007 £m
UK					
Insured SIPP & Drawdown	272	379	473	489	624
Non-insured SIPP	543	636	586	470	397
Individual SIPP	815	1,015	1,059	959	1,021
Individual Pensions	136	276	159	106	180
Group Pensions	489	907	896	731	543
Institutional Pensions	590	604	360	544	489
Pensions	2,030	2,802	2,474	2,340	2,233
Investment Bonds	161	373	652	336	449
Offshore Bonds	163	152	118	116	84
Mutual Funds	169	176	148	158	163
Savings and Investments	493	701	918	610	696
Annuities	109	132	120	113	124
Protection	2	-	4	5	6
UK life and pensions	2,634	3,635	3,516	3,068	3,059
Europe					
Ireland	71	63	94	103	101
Germany	140	141	121	305	157
Europe life and pensions	211	204	215	408	258
Canada					
Group Savings and Retirement	176	455	312	357	142
Individual Insurance, Savings and Retirement	72	75	105	95	90
Group Insurance	64	59	64	63	34
Mutual Funds	49	56	75	70	65
Canada life and pensions	361	645	556	585	331
Asia Pacific					
India ^{(b) (c)}	109	59	147	40	45
China ^(b)	24	23	19	22	14
Hong Kong	14	13	5	11	9
Asia Pacific life and pensions	147	95	171	73	68
Total worldwide life and pensions	3,353	4,579	4,458	4,134	3,716

(a) The PVNBP sales for the 3 months to December 2007 are different from those published in the full year 2007 new business press release issued on 30 January 2008 as they incorporate year end non-economic assumption changes calculated and published in the Preliminary Results 2007 on 12 March 2008.

(b) Amounts shown reflect Standard Life's share of the Joint Venture Company's new business.

(c) The PVNBP for all periods in 2008 for India include revisions to opening assumptions. These were not reflected in the published results for 6 months to 30 June 2008 and for 3 months to 31 March 2008. Consistent with treatment in previous reporting periods PVNBP sales for all territories will exclude year end non-economic assumption changes, which will not be reflected in the PVNBP results until publication of the Preliminary Results 2008.

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Standard Life plc, registered in Scotland (SC286832), Standard Life House, 30 Lothian Road, Edinburgh EH1 2DH. 0131 225 2552.

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