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# Shareholder News

April 2011

**Standard Life**

# 2010 at a glance



**Gerry Grimstone**  
Chairman

Welcome to Shareholder News. It brings you the financial and other highlights of last year and takes a look at our plans for 2011.

If you'd like more detail, visit our new Shareholder Centre at [www.standardlife.com/reporting](http://www.standardlife.com/reporting)

2010 was a year of change for Standard Life. Wider economic conditions remained tough in many of our key markets but this didn't affect our focus on being a leading long-term savings and investments business. We kept investing in growth and had strong financial results from around the Group. Our new Executive team is transforming our business from the inside out and we have much more planned to add value for shareholders. There's even a new look to reflect how things have changed. David Nish, our Chief Executive, explains more on page 4.

## Switch off the paper

Around 500,000 of our shareholders are in ecommunications. Why not join them today? You'll get all the latest information faster with email links. And you'll help us save tonnes of paper at the same time.

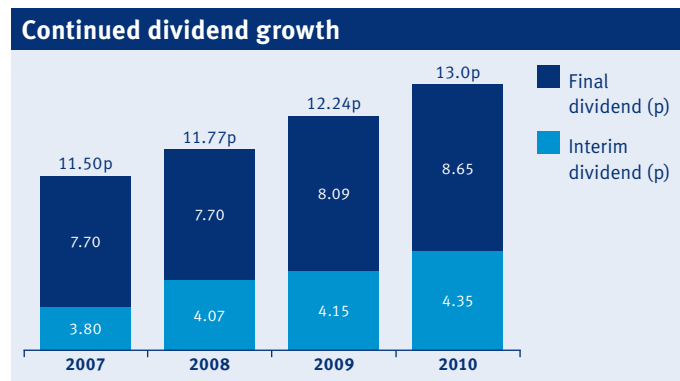
Find out how to switch to ecommunications at [www.standardlife.com/shareholders](http://www.standardlife.com/shareholders) or call using the number on the back cover.

## 8.65p final dividend for 2010

We're recommending a final dividend payment of 8.65p per share. That makes a total of 13.0p for 2010, 6.2% higher than in 2009. We'll pay the dividend on 27 May 2011, if our shareholders vote to approve it.

Approve our final dividend by filling in a voting form online at [www.standardlifeshareportal.com](http://www.standardlifeshareportal.com)

Gerry Grimstone



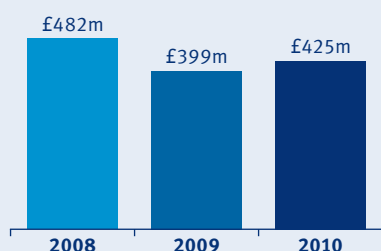
## Adding value for our shareholders

These are the total dividends we've paid each year since we became a plc.

# Financial highlights

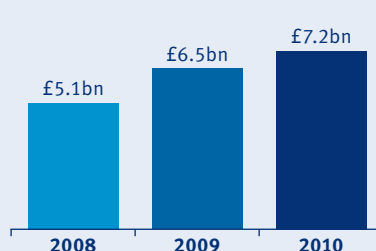
Here are some of our financial highlights. You can read about them and more - including explanations of financial terms - in our 2010 Annual Report and Accounts available online at [www.standardlife.com/reporting](http://www.standardlife.com/reporting)

## IFRS operating profit before tax



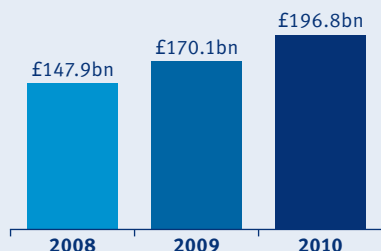
IFRS operating profit before tax increased by 7% to £425m. Profitability benefited from higher average market values and increased net flows.

## Group total net flows



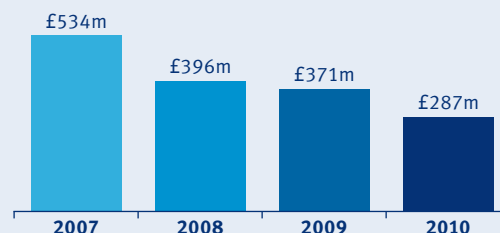
Group total net flows increased by 11% to £7.2bn with strong inflows in Standard Life Investments. As a long-term savings and investments business, net flows and assets under administration (AUA) are key drivers of shareholder value.

## Group assets under administration



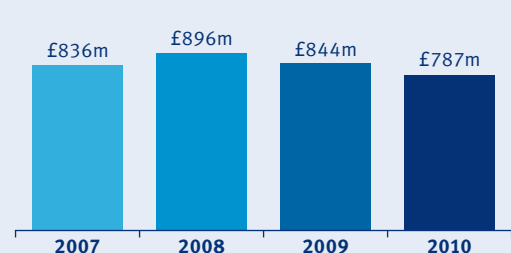
Group assets under administration were up 16% to £196.8bn. AUA benefited from higher net flows in 2010 and the recovery in financial markets. We aim to grow AUA by focusing on our customers and meeting their needs with innovative products.

## Group EEV operating capital and cash generation



Group EEV operating capital and cash generation decreased to £287m. This was mainly due to lower capital and cash from back book management activities and increased investment in the business.

## Group EEV operating profit before tax



Group EEV operating profit before tax fell to £787m. This was primarily as a result of a decrease in operating profit from back book management activities.



See financial highlights and detailed figures online at our Shareholder Centre [www.standardlife.com/reporting](http://www.standardlife.com/reporting)

# Transforming our business



David Nish  
Chief Executive

Standard Life is a leading long-term savings and investments business. One that puts customers needs at the heart of everything we do. Most of our shareholders are also customers, which makes this even more important - and leads to an interesting and exciting dynamic. Over the year we've been busy transforming our business to deliver our strategy and bring greater benefits to our shareholders, customers and other stakeholders.

I've now been Chief Executive of Standard Life for just over a year. In that time, our business has made a huge amount of progress in building a platform for sustainable, profitable growth. Our financial performance for 2010 was strong and we are beginning to see the benefits of the investment programme we announced last March. This has put us in an excellent position to make the most of exciting new opportunities.

## Our strategic focus is to:

- ▶ Build on our strength in our pension savings and corporate benefits markets
- ▶ Focus on the savings and investment needs of customers in our chosen segments
- ▶ Expand the global reach of our investment management business
- ▶ Maximise the value from our joint venture relationships in Asia.

To help us achieve these goals, one of my priorities was getting the Group into the best possible shape. Making sure we have the right management team and operational framework to meet the opportunities and challenges ahead.

From March to May, we strengthened our leadership team with some key appointments. In June we redesigned our business structure. The new structure gives us more flexibility to invest in what's important to our success, and manage our costs at the same time. For example, we brought sales, marketing and distribution closer together across our international businesses. We're streamlining in other ways too, so we can do more with fewer resources. With all this in place, we'll be more efficient and faster to market, which will improve our customers' experience and help make us more profitable for our shareholders.

## Investing in growth

In March 2010 we announced we'd be investing a significant amount in growing our business. Together with our new structure and leadership team, this has already helped us capture many new opportunities. We also launched our Corporate ISA and Trust Based Pensions to build on our strength in the pension savings and corporate benefits market, and introduced our Active Money Personal Pension, for those starting to save for retirement. We acquired

## A brand that goes further

As part of our business transformation, we have repositioned our brand. Our refreshed look has been shaped by extensive customer research and insight, and reflects the changing financial landscape. We hope you like the way your Shareholder News and other communications look, but this is about much more than updating our appearance. For example, an important part of our brand repositioning is making sure all our communications – from investment statements to our financial reporting are even clearer and easier to understand. **We want everyone who deals with Standard Life to look forward to the future with confidence and optimism.**

threesixty, a business that will help us to give even better support to UK intermediaries. Internationally, our Indian joint venture HDFC Life, marked its tenth anniversary and we extended Standard Life Investments' global reach in a range of ways, including a new strategic alliance in Japan.

### Bringing transformation to life

We've made significant progress in transforming how we operate. We're continuing to invest in our technology to make sure we deliver a competitive advantage – through a business model that lowers the cost of gaining and serving new customers. In February 2011, we took another important step on our transformation journey when we launched our refreshed brand and visual identity. A key part of our brand repositioning is to deliver even clearer communications to our customers to help them plan for their financial future.

### A sustainable business

To secure the kind of lasting success we're aiming for, we need to think long-term. That means making our business sustainable for our shareholders, customers, partners, people, and for the world we work in. We looked at our approach and we've created a new sustainability strategy. You can read more about this, and how we're supporting our community on page 9.

### Looking forward

2011 promises to be a challenging, but exciting year for us. There will be no let up in our pace of delivery as we continue to invest to develop market-leading propositions. Our programme of delivery, combined with our ongoing drive to achieve productivity improvements, will provide us with a springboard to step up our operational and financial performance.

We are confident that the investments we are making and the propositions we are launching will help us grow our business and become more profitable, so we can keep improving returns for our shareholders.



David



**Go online to see a short video with David Nish at [www.standardlife.com/reporting](http://www.standardlife.com/reporting)**

# Our strategy at work

2010 was a busy year for Standard Life. We're concentrating on what we do best - helping people to save and invest for the long-term. Here are some of the events that show our strategy in action.

## Transforming our performance

We set up our transformation programme in 2010. It's part of our strategic vision of becoming a truly customer-focused long-term savings and investments company. It's built around four key principles:

- ▶ **Transforming how we operate**  
In June, we announced a new leadership structure for Standard Life, and changes to the way we will operate. These are key to our transformation journey.
- ▶ **Building valuable customer relationships**  
We're committed to putting customers at the heart of everything we do – and making sure we have the products that meet their changing needs.
- ▶ **Developing our talent**  
To achieve our goals we need the strongest team. This means we have to continue to attract new talent and develop our own, talented people.
- ▶ **Making performance matter**  
It's important our people know their own roles and responsibilities – and believe in us and the direction we're going. We want to bring simplicity and transparency in how performance is measured, across the Group.

## Investment for growth

In March we announced we'd be spending more than £200 million to develop and market our leading corporate and retail propositions. The programme is going well, helping us to capture some key opportunities. The total amount invested in 2010 was £201 million, including investment in the China and India joint ventures, and technology spend.

In February of this year, we launched a new online ISA and a complete refresh of Adviserzone, our market-leading adviser platform. In March we announced the launch of **Lifelens** – our innovative employee benefits portal, which is already attracting strong interest in the market place.

We're now just over one year into our three year transformation to delivery our strategy and drive improved performance. We are making strong progress and are firmly on track to deliver.

## Focusing our portfolio

We have brought our portfolio in line with our strategy of being a long-term savings and investments company – with the customer firmly in mind. Having sold Standard Life Bank, Standard Life Healthcare was sold in July, and we've taken advantage of new opportunities. The purchase of threesixty and Focus Solutions group plc are all part of that.

Threesixty will allow us to give even better support to UK intermediaries. Focus Solutions is a leading software and consultancy company and has the knowledge and skills we need as the online market expands.

# 8.65p

Final dividend  
for 2010



# £200m

The amount we  
announced we'd invest  
in growth in 2010



## We set up our transformation programme

**“Most of our shareholders  
are also customers. So it’s  
important that we’re working  
hard to put customers’ needs  
at the heart of everything  
we do.”**

David Nish



Find out more online at  
[www.standardlife.com/  
reporting](http://www.standardlife.com/reporting)



“Involving our people in the local community is very important to us. For example, during the course of the Growing Confidence Project we’ve provided over 1000 hours of coaching to teachers”

Tina Livingston - Sustainability Team, Standard Life

# Investing in the future

**We believe that acting responsibly and with integrity is important. That's why we've spent time this year making sure it is firmly at the heart of our overall business strategy.**

In February, we began developing a new sustainability strategy – one that ties our responsibilities to our customers, shareholders, employees and communities more closely to our long-term business goals. And we are working to put it in place across the Group. It builds on what we've already achieved in four main ways:

- ▶ Listening and responding to customers
- ▶ Operating and growing responsibly
- ▶ Developing and engaging our people
- ▶ Contributing to the environment and our communities.

Here are just some of the things we've done to support our environment and community this year.

## Using less energy

By 2020, we want to reduce our Group carbon footprint by 50% from 2006. Our energy consumption is a big part of this, and over the past four years we've cut our Group energy use by 18%. We've done this by investing in energy saving projects like 'free cooling' chillers in our main data centre, more efficient heating and cooling systems and LED lighting for our head office buildings.

This has helped us to score well in a range of sustainability and environmental assessments. We were pleased to make our first appearance in the influential Dow Jones Sustainability Index for Europe, and were listed 12<sup>th</sup> out of 350 organisations in the FTSE350 Carbon Index, which is a great achievement.

We won awards for saving energy too. At the prestigious Green Business Awards, we were 'Highly Commended' in the Carbon Emissions Performance category.

## Supporting our community

Standard Life first started to get involved with helping the local community almost 20 years ago. Our approach is to work in partnership with others to create and develop long-lasting projects that are enriching for everyone involved, including our own people.

### Growing Confidence

We're supporting the City of Edinburgh Council on this five-year project, which helps promote positive mental health and emotional well-being of children and the adults who work and care for them.

We're working with 10 pilot schools in Edinburgh – and during the course of the project we've provided over 1000 hours of coaching to teachers. Teachers said taking part gave them more understanding about what affects children's and young people's mental health. They were also more confident about promoting positive attitudes in their pupils.

In 2010, Growing Confidence got another Big Tick. Big Ticks are awarded by Business in the Community for excellent community programmes that invest skills and time, as well as money. As a previous Big Tick winner, we were reaccredited for taking our commitment to Growing Confidence to the next level.

We also won the Quality Scotland Award for Corporate Responsibility at the Scottish Corporate Citizenship Awards. These awards are recognised across the UK and Europe as a mark of outstanding business excellence.



**Go to [www.standardlife.com/sustainability](http://www.standardlife.com/sustainability) to read our full sustainability report**

# Our AGM and your vote



Have your say and fill in  
a voting form online at  
[www.standardlifeshareportal.com](http://www.standardlifeshareportal.com)

As a Standard Life shareholder, you can vote at our Annual General Meeting. By voting, you have a say in how we run our business. We'll be asking you to vote on all resolutions - but here is some detail on the ones you might want to know more about.

You can read about all our resolutions, which are explained in full at [www.standardlife.com/reporting](http://www.standardlife.com/reporting)

## Resolutions 6 and 7:

### To re-elect or elect all members of the board

We will ask you to vote on the re-election or election of all our Directors. This is because the UK Corporate Governance Code now recommends all directors are put up for election every year. Find out more about our Directors at [www.standardlife.com/reporting](http://www.standardlife.com/reporting)

## Resolution 11:

### To provide limited authority to the Company and its subsidiaries to make political donations and incur political expenditure

Standard Life does not intend to make political donations or incur political expenditure. However, like most other listed companies, we ask our shareholders to approve this resolution as a precaution. This is because the relevant section of company law is so broadly written that the rules could easily be broken unintentionally, with potentially serious consequences.

## Resolution 13:

### To adopt new articles of association

This special resolution proposes we adopt new articles of association to update the Company's current articles of association. The changes are mainly to respond to changes in law and regulation since last year.

## Resolution 14:

### To approve the rules of the Standard Life Sharesave Plan

We want to make it as easy as possible for people who work at Standard Life to own shares in the Company. We believe it will make them even more committed to our business doing well. The Standard Life Sharesave Plan we're proposing would give them options to buy our shares at a discount, if they join a special three or five-year savings scheme. At the end of the three or five years, they can choose to buy shares using these savings and any return.

**The Board recommends you vote 'for' all our AGM resolutions.**

### Your vote is important

It's quicker to have your say online at [www.standardlifeshareportal.com](http://www.standardlifeshareportal.com)

You'll need your shareholder reference number, which is on any letter we've sent you in the post. Or fill in and send back your paper voting form by **6pm** (UK time) on **Friday 13 May 2011**.

### Annual General Meeting

The AGM will start at **2pm** (UK time) on **Tuesday 17 May 2011** at The Edinburgh International Conference Centre.

**Find out more about the AGM and how to get there at**  
[www.standardlife.com/reporting](http://www.standardlife.com/reporting)

# Go online

## ISAs made easy

We're always looking at ways to improve our online services. You might be interested to know we've launched a new stocks and shares ISA, available at [www.standardlife.co.uk](http://www.standardlife.co.uk)

Our new online ISA is aimed at simplifying the options for people who want to manage their investments online, but don't know which funds to choose. Find out more and apply online at [www.standardlife.co.uk](http://www.standardlife.co.uk) or call 0845 272 8810.

## Customer Service Online

- ▶ Are you a Standard Life customer?
- ▶ Did you know most policies can be managed online?

Go to [www.standardlife.co.uk](http://www.standardlife.co.uk) for more details of the services on offer and to register.

## MoneyPlus

Our magazine MoneyPlus is designed to help you take control of your finances. It's filled with practical advice and market updates from Standard Life experts and financial commentators. Keep up-to-date with what's happening in the financial world – **download** your copy at [www.standardlife.com/shareholders](http://www.standardlife.com/shareholders)



## Security on the Standard Life share portal

If you have a share portal account, and have logged in recently, you will have noticed we have upgraded security on the share portal. We are constantly monitoring security to make sure your details are kept safe and secure. Passwords now have to be case sensitive, a mix of letters and numbers, and at least eight characters long. A strength bar will help show you when your password is strong by changing colour. You also need to have a memorable word to get into your account – anything from six to ten letters and this is case sensitive. If you're having any problems, call Capita using the number on the back cover.

# What's happening when?

Key dates in 2011	
10 March	2010 preliminary results and dividend announced
16 March	Ex-dividend date for 2010 final dividend
18 March	The record date for 2010 final dividend
23 March	Scrip reference date announced for 2010 final dividend
17 May	Annual General Meeting (AGM)
27 May	2010 final dividend paid
3 August*	Half year results
10 August*	The ex-dividend date for our 2011 interim dividend
12 August*	The record date for our 2011 interim dividend
17 August*	Scrip reference date announced for our 2011 interim dividend
18 November*	2011 interim dividend paid

Find out more about these dates and why they're important at [www.standardlife.com/reporting](http://www.standardlife.com/reporting)

\* These dates are not confirmed and may change.

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[www.standardlife.com](http://www.standardlife.com)

This information is written for the majority of Standard Life shareholders, including those who have a share certificate or hold their shares in the Standard Life Share Account. Although much of the information will be relevant to all shareholders, some details will not be relevant for everyone.

Please remember that the value of shares can go down as well as up and you may not get back the full amount invested or any income from it. All figures and share price information have been calculated as at 31 December 2010 (unless otherwise stated).

Standard Life plc is registered in Scotland (SC286832) at Standard Life House, 30 Lothian Road, Edinburgh EH1 2DH.  
[www.standardlife.com](http://www.standardlife.com)

*Calls may be monitored and/or recorded to protect both you and us and help with our training. Call charges may vary.*

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