

Presentation to Fixed Income Investors

October 2004



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THE STANDARD LIFE ASSURANCE COMPANY* IS A MUTUAL COMPANY REGISTERED IN SCOTLAND (NO SZ4). HEAD OFFICE AT STANDARD LIFE HOUSE, 30 LOTHIAN ROAD, EDINBURGH EH1 2DH. THE STANDARD LIFE GROUP INCLUDES STANDARD LIFE PENSION FUNDS LIMITED* SLTM LIMITED* STANDARD LIFE INVESTMENTS (MUTUAL FUNDS) LIMITED*

* REGULATED BY THE FINANCIAL SERVICES AUTHORITY AND AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000

Agenda

- Overview of Standard Life Group
- Standard Life Considerations
- Hybrid Capital Offering
- Questions & Answers
- Appendices

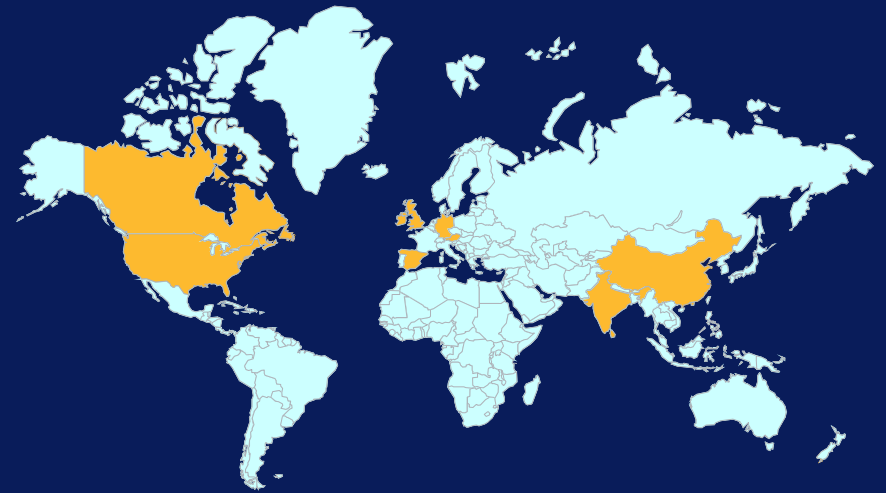
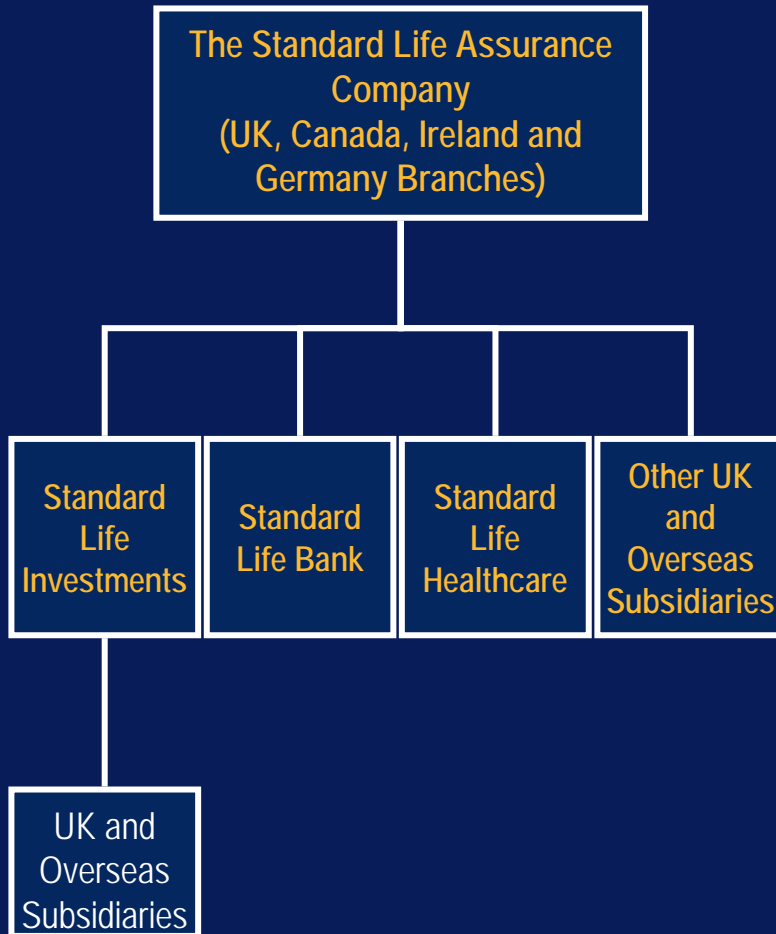
Overview of Standard Life Group

Key Credit Strengths

- Largest European mutual life assurance company
 - £9.5bn gross assurance premium worldwide in Y/E 15/11/2003
- Second largest UK life assurance office by new business APE*
 - 9.3% share of new business in first half 2004
- Leading UK IFA-based life and pension company
 - 12.5% market share in first half 2004
- Group assets under management at 15/5/2004 reached £94.8bn (record £15.9bn of 3rd party assets)
- Strong position in life and healthcare in Canada
 - Overall 6% market share (by reference to 2003 gross premiums)
- Strong Credit ratings: A1 with Moody's (negative outlook) and A+ with Standard & Poor's (negative outlook)
- Diversified portfolio of businesses including Investment Management, Banking, Healthcare and overseas subsidiaries

* Annual Premium Equivalent is calculated as 100% of annualised premiums plus 10% of single premiums

Group Structure



Domestication of the Canadian branch by the end of 2004
 Insurance Joint Ventures - India and China
 Global Fund Management Operations - Edinburgh, Montreal, Hong Kong and Boston

Trading Summary

- Increasing diversification of revenues, Group trading overall has held up well despite challenges
- Worldwide new business APE of £691m in 1H 2004 (in line with 1H last year)
- Increases of 98% and 5% respectively in worldwide investment and general insurance business, offsets 6% decline in worldwide L&P business*
- International businesses momentum strong (26% of total APE)
- UK business down 4% in 1H 2004 (UK L&P down 11%, UK Investment up 193% and UK General Insurance up 22%) offset by growth of overseas business*
- Strong sales performance from Standard Life Investments, Standard Life Bank, and Standard Life Healthcare
- Standard Life Healthcare customer claims ratios increased in first 6 months of the year
- Group funds under management reach a record £94.8bn as at 15/5/2004

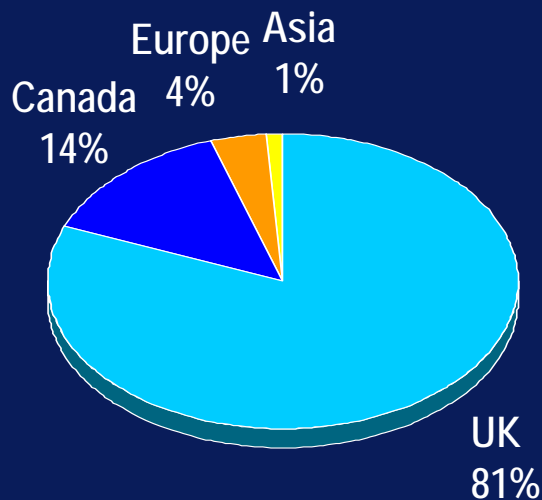
* APE basis

Increasing Geographic Diversification

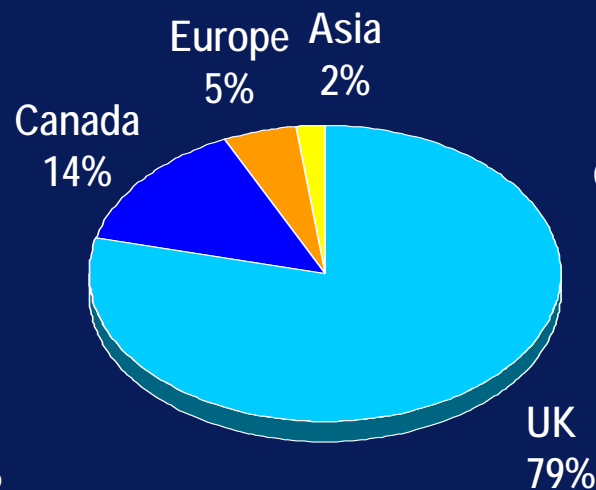


UK and Canadian markets remain core with others increasing in importance

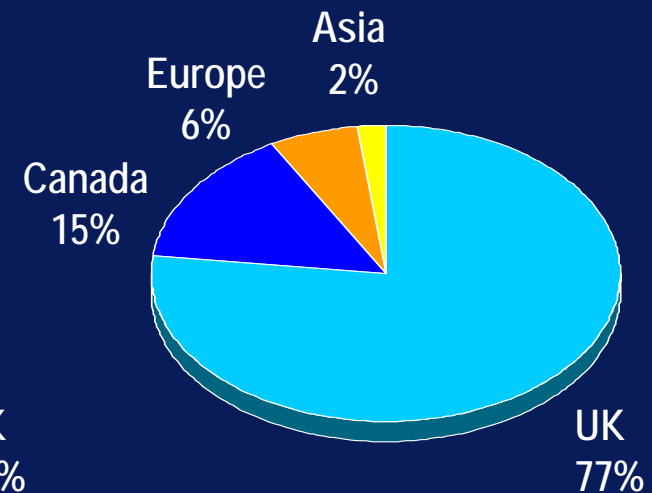
YE 2002



YE 2003



H1 2004

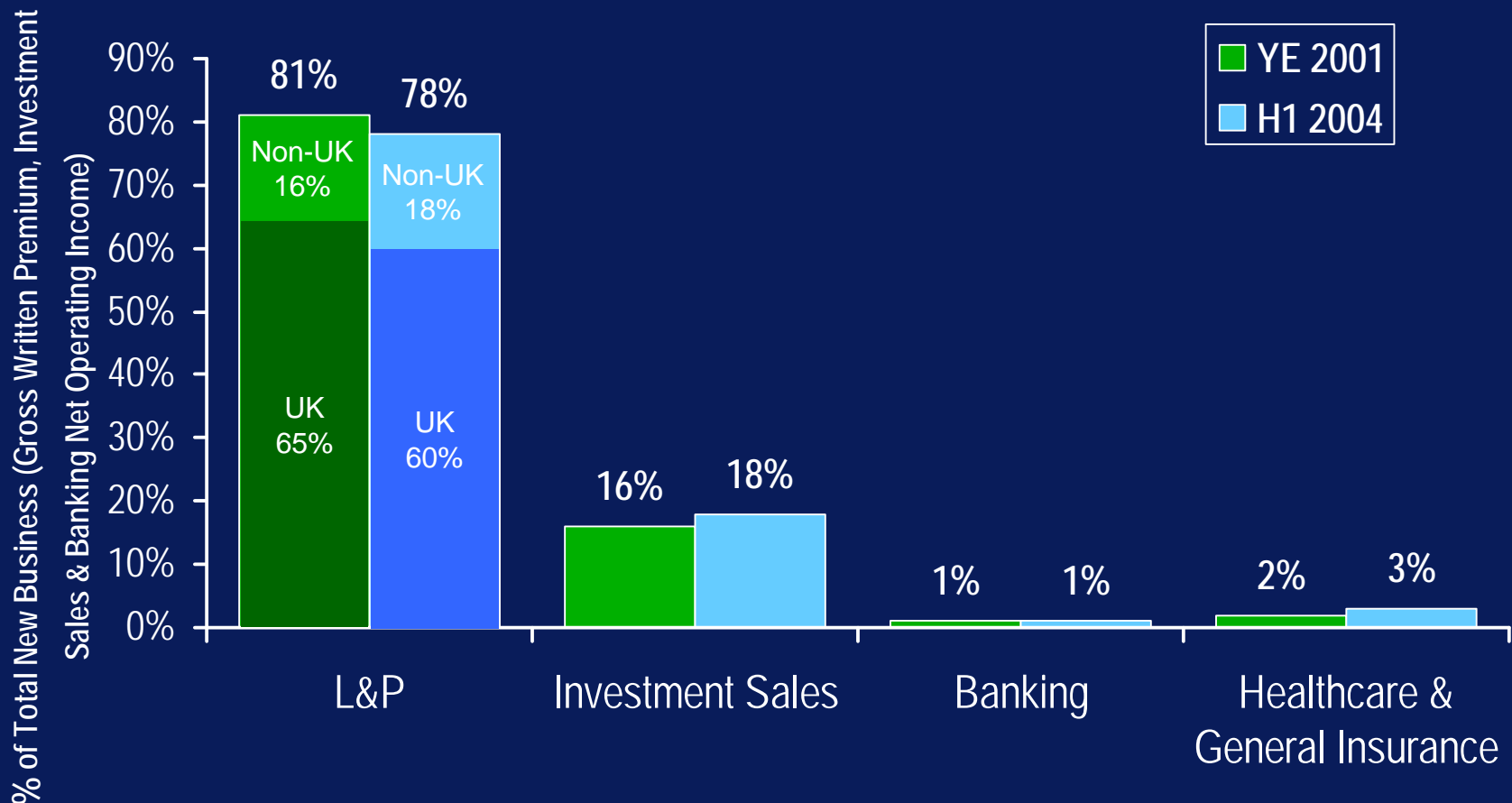


Life & Pensions gross written premiums + investment sales + Banking Net Operating Income + Healthcare and General Insurance Gross Premiums

Increasing Product Diversification



Re-alignment of business mix towards higher margin products and reduced reliance on L&P business. This trend is expected to continue with SL Bank to increase its contribution to the group



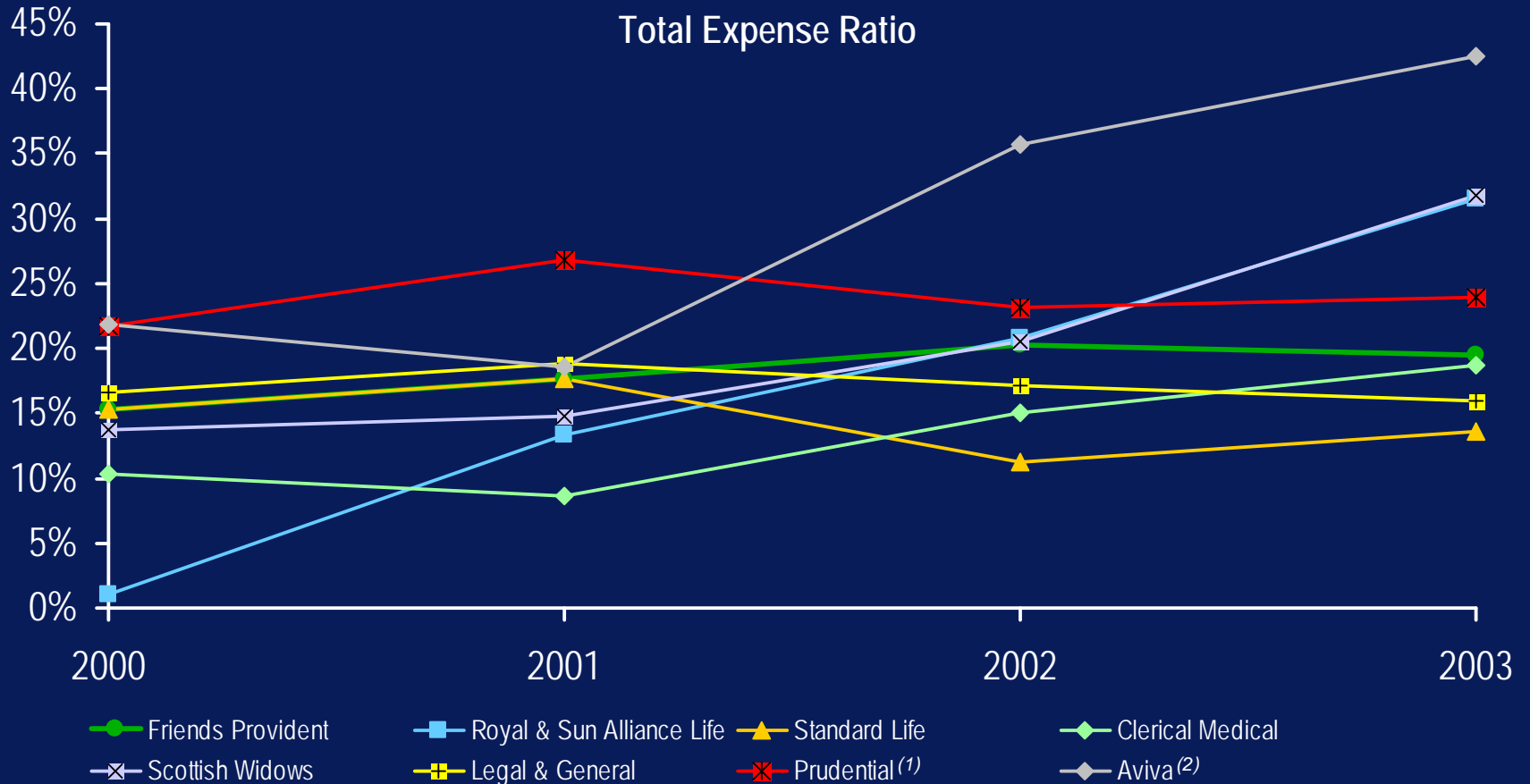
Key Financials



| Year end (15 Nov) | 2001 | 2002 | 2003 | H1 2003 | H1 2004 |
|---------------------------------|---------|----------|---------|---------|---------|
| Total group new business | £8,339m | £10,320m | £7,818m | £3,537m | £3,452m |
| Group Annual Premium Equivalent | £1,571m | £1,819m | £1,426m | £691m | £691m |
| Acquisition expense ratio | 45.2% | 47.9% | 59.6% | 55.7% | 62.6% |
| Maintenance expense ratio | 3.4% | 3.8% | 4.7% | 4.7% | 5.0% |
| Group funds under management | £83.4bn | £83.0bn | £94.1bn | £88.3bn | £94.8bn |

Annual Premium Equivalent is calculated as 100% of annualised premiums plus 10% of single premiums. The ratios shown represent Standard Life Company FSA expense ratios

Key Financials

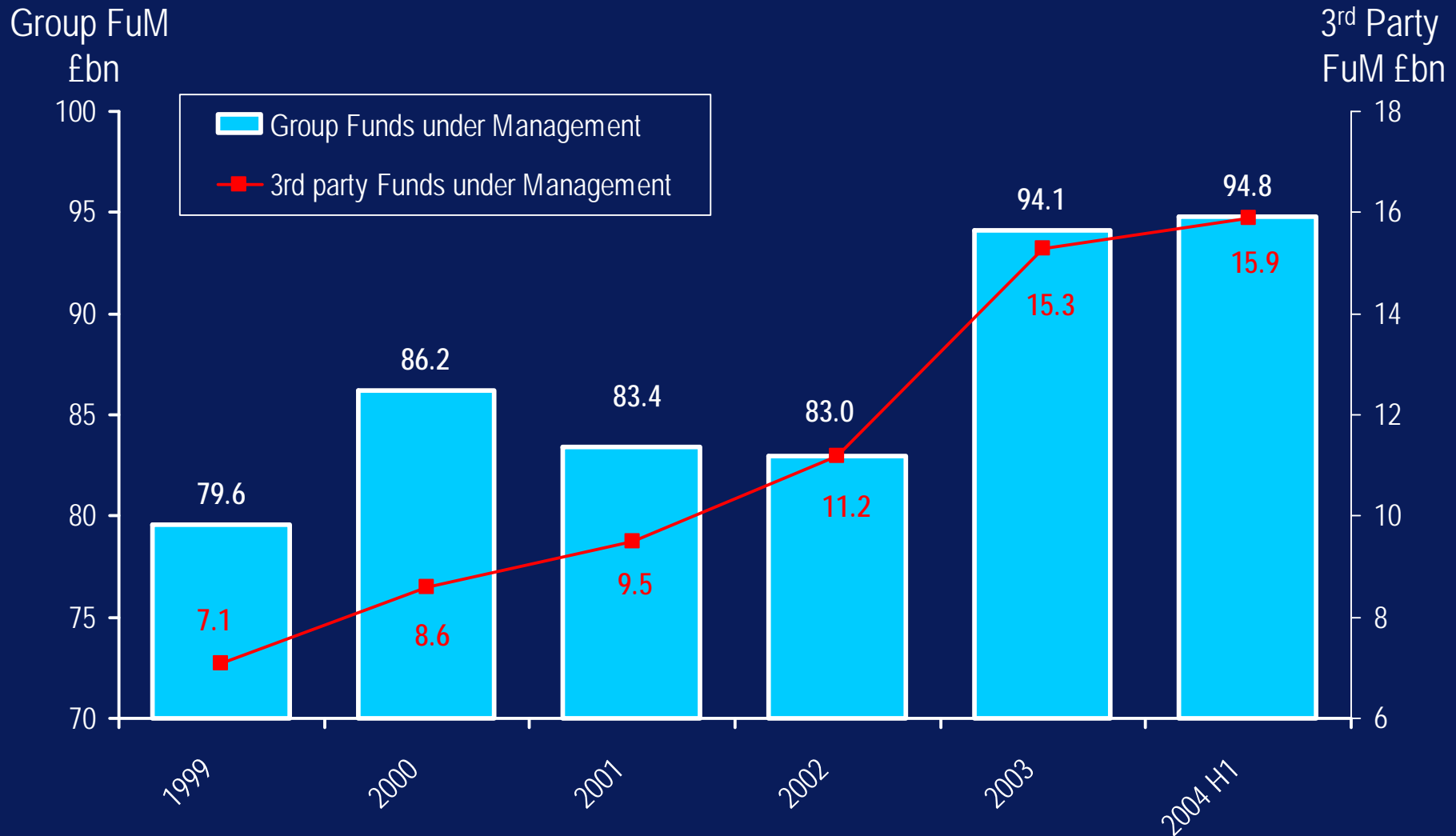


Source: Insurance Statistical Supplement, UK Life Insurance (Moody's, July 2004)

(1) Main fund (Prudential Assurance Company Ltd)

(2) Weighted average of CGNU Life Assurance and NU Life and Pensions

Group Funds Under Management £94.8bn



Secure Financial Position - Under Current Framework



- Healthy and stable cover and solvency ratios
- Standard Life currently has a waiver in respect of implicit items of £1bn which will apply until 30 Dec. 2004
- New FSA guidance on the application for an implicit item waiver comes into effect on 31 Dec. 2004 and is likely to result in reduction in amount of implicit items

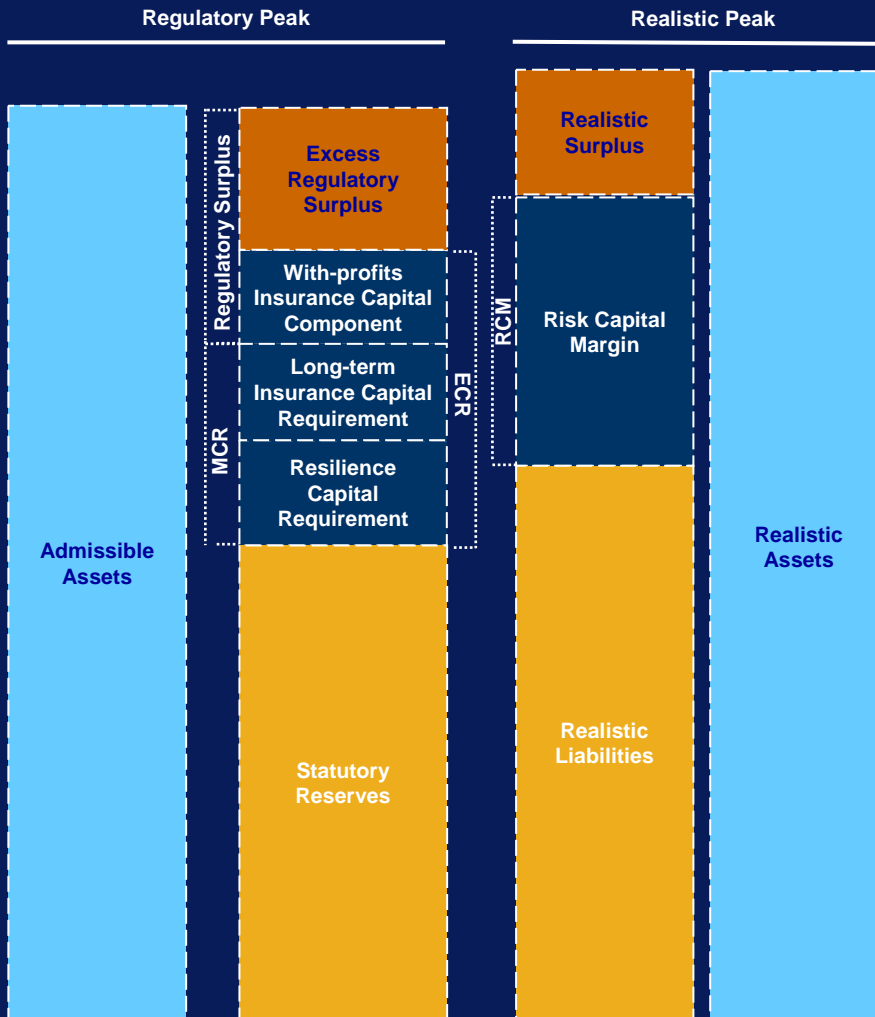
| | | 2001 | 2002 | 2003 | H1 2004 |
|---|--|--------|--------|--------|---------|
| A | Total long term admissible assets (£m) | 67,682 | 65,519 | 72,882 | 73,443 |
| B | Total Mathematical Reserve (£m) | 60,964 | 60,360 | 66,826 | 67,564 |
| C | Total Liabilities (£m) | 62,269 | 62,807 | 69,316 | 70,001 |
| D | Available Assets plus implicit items (£m) | 5,413 | 4,212 | 4,566 | 4,442 |
| E | Required minimum margin (£m) | 2,057 | 2,014 | 2,109 | 2,087 |
| F | Excess of available assets over required minimum margin (£m) | 3,356 | 2,198 | 2,457 | 2,355 |
| G | Cover Ratio (D/E) | 2.6x | 2.1x | 2.2x | 2.1x |
| H | Solvency Ratio (D/B) | 8.9% | 7.0% | 6.8% | 6.6% |
| I | WP Free Asset Ratio | 17.3% | 13.8% | 14.6% | 14.1% |

Source: FSA Returns

Solvency ratio is Form 9 line 34/Form 9 line 23 i.e. available assets plus implicit items (Item D) / total mathematical reserves (Item B)

WP solvency ratio calculated as D/with profit liabilities

Developments in Prudential Supervision – New Framework



- PS 04/16 introduces a Twin Peaks approach to determine regulatory capital resources required for with-profits funds in the UK
- The objective of this approach is to better reflect companies underlying financial strength
- Under Twin Peaks, life insurers must carry out two calculations to determine their capital resources requirement ("CRR")
 - Regulatory Peak - a modified version of the current reserving requirements and
 - Realistic Peak - based on a market valuation of assets and liabilities
- UK insurance companies are required to maintain their capital resources requirements on the basis of the higher of the realistic assessment and the regulatory assessment
- The realistic assessment under the twin peak test is designed to ensure that, in assessing its solvency position, an insurer takes account of the effect of certain investment strategies, investment guarantees and discretionary payments which policy holders may be expecting

Secure Financial Position - Under New Framework



- Strong position on new “twin peaks” basis
- Realistic balance sheet shows realistic surplus of £4.6bn, more than twice the Risk Capital Margin of £2.1bn
- Capital resource requirement (CRR) coverage of 198%

| Illustrative Position | Nov-2003 | Nov-2003 (Post SMA) |
|---|--------------|---------------------|
| Capital Requirements: | | |
| – Minimum Capital Requirement | 2,520 | 2,520 |
| – Regulatory excess capital | 1,486 | 1,486 |
| – Realistic excess capital | 2,523 | 2,523 |
| – WP insurance capital component | 0 | 0 |
| (1) Capital Resources Requirement (CRR) | 2,520 | 2,520 |
| Capital Resources: | | |
| <i>Tier 1</i> | | |
| Fund for Future Appropriations plus valuation differences | 3,007 | 3,007 |
| Implicit Items* | 1,000 | 1,000 |
| SMA | - | 400 |
| <i>Tier 2</i> | | |
| Existing Subordinated debt | 970 | 970 |
| (2) Total Capital Resources | 4,977 | 5,377 |
| CRR cover (2)/(1) | 198% | 213% |

Note: Position as at 15/11/03. Unaudited figures. Realistic balance sheet prepared on the ABI basis and submitted to FSA 31/3/04

* No provision has been made in this table for the possible changes to the Implicit Item

Rating Agency Opinions

| | Financial Strength Rating | Outlook | Comment |
|-------------------|---------------------------|----------|---|
| Standard & Poor's | A+ | Negative | <i>"The ratings on Standard Life Assurance Co. reflect the company's very strong competitive position and reduced financial risk tolerance [...]. A significant reduction of equity risk in the balance sheet and closer matching of assets and liabilities signal a shift in the group's financial risk tolerance. In addition, the rapid progress with the strategic review and reinsurance over the realistic capital position demonstrate strong management action"; April 2004</i> |
| Moody's | A1 | Negative | <i>"Notwithstanding recent newsflow following discussions with the FSA and the strategic review, Standard Life maintains a very strong market position in the UK Life and Pensions sector, particularly through sales of individual and group pensions [...]. The group remains financially strong and is well regarded in the important IFA sector for the quality of its service and products"; August 2004</i> |

Strategy-Building on Strengths

Strengths:-

- Secure Financial Position
- Single brand with high visibility
- Market leader for customer service
- Strong IFA relationships
- Well placed to meet new UK regulatory challenges
- 5 million customers worldwide (of which approximately 1 million are from core subsidiaries SLI, the Bank, and SLH) & 11,500 permanent full-time employees world-wide

Strategy-Building on Strengths

Strategy:-

- Maintain a leading position in the UK L&P market, diversifying product mix by segment and market
- Leverage leading positions in Canadian and Irish life and pensions markets
- Continue diversification into asset management, retail banking, international life insurance markets and UK private health insurance
- Committed to building on leading position with IFAs while exploring other distribution opportunities
- Committed to maintaining excellent customer service standards

Standard Life Considerations

Realistic Balance Sheet

- Proposed realistic balance sheet implementation led to discussions with FSA
 - Agreement reached that was satisfactory to both SLAC / FSA
 - “Skilled persons review” completed satisfactorily
- Management actions taken:
 - Removed benefits of mutuality from projections
 - Strategic re-alignment of WP investment portfolio
 - Different equity backing ratios for WP sub-funds
 - Increased reserves for guarantees
 - Allowance for cost of guarantees

Strategic Review

- Driven by changes in industry, new regulatory reporting requirements and decline in proportion of with profits business
- Wide-ranging review, covering all UK and overseas businesses
- Recognised that existing structure imposed limitations on access to capital and ability to grow
- Main conclusions of review:
 - Well diversified group
 - Group will become increasingly capital constrained
 - In principle, demutualisation in best interests of SLAC and policyholders to allow access to capital and crystallise value for WP policyholders
 - UK L&P to be repositioned for profitability and growth

Progress Towards Demutualisation

- Aim to put proposal for demutualisation before members by 2006 AGM
- UK L&P re-positioning, key to successful demutualisation, is progressing well
- Strategic review of overseas business completed
- New internal Group structure, separating Group functions and UK L&P
- Year end change (from November 15th to December 31st)
- Governance and organisational structures being evaluated

UK L&P Repositioning

- Appointment of Trevor Matthews as Chief Executive
- L&P being re-positioned for profitability and growth:
 - Cost cutting programme on track (£87m annualized savings realised to date this year)
 - Headcount reductions - over 1,700 since 15th Nov. 2003
 - Commission and product terms revised to improve product mix
 - Reduced dependence on single charge pensions through new product launches ("sigma" for mutual funds, Capital Investment Bond, innovative Self Invested Pension Plan, Secured Capital Plan)
 - Further re-positioning required but aim to continue to offer award winning quality of service
- Key decisions taken regarding:
 - Mortgage endowment promise
 - Benefits of mutuality
 - Time barring

Other Businesses

- SLI and the Bank performing well
- Convert Canada, a significant contributor to the Group, from branch to subsidiary
 - Improved operating efficiency
 - Improve capital position of Group
 - Enhance local competitive position
 - Local governance
- Develop and grow Germany and Ireland, and joint ventures in India and China
- Full range of options being considered for businesses in Spain and Hong Kong

Asset Re-alignment

- Part of management actions announced early 2004
- Reduction in overall proportion of investment portfolio in equities and property and increasing proportion of bonds and cash
- Equity disposal of £7.5bn
- Largest single ever asset allocation change in the UK that won plaudits from market participants
- Equity backing ratio* (EBR) for WP fund reduced to 48% as at 15/5/2004 from 71% at 15/11/2003
- Equity proportion for with profit fund has reduced to 33% (1H 2004) from 56% (Nov. 2003)
- Differential EBR by class of with profits business, depending on level of guarantees provided
- Move to increased Fixed Income Asset proportion has not been made at the expense of credit quality

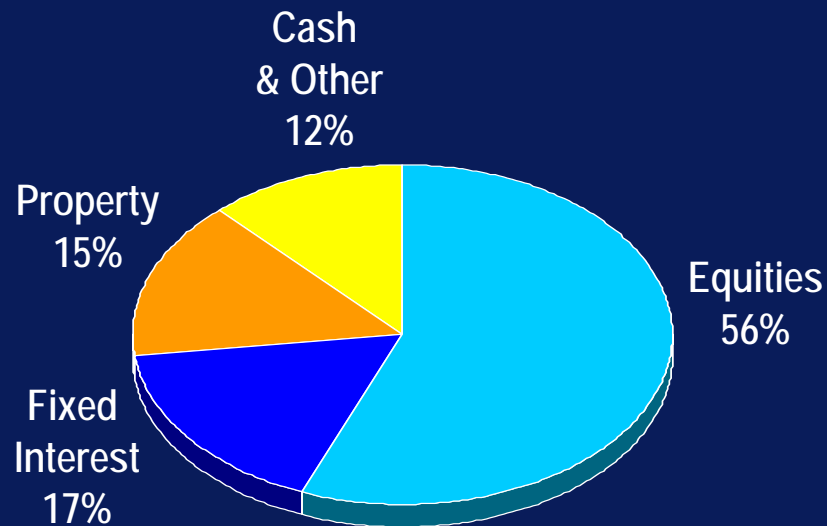
* Includes property investment

Equity Investments in the With-Profit Fund

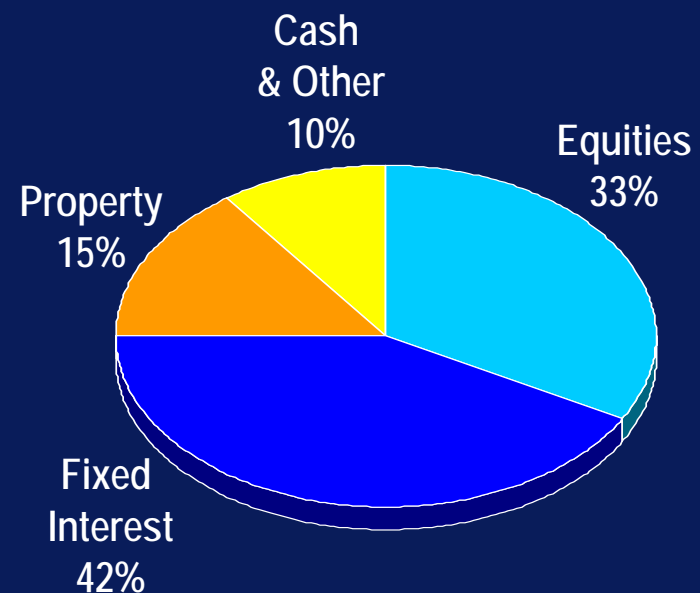


Reduced Exposure to Equities

YE 2003

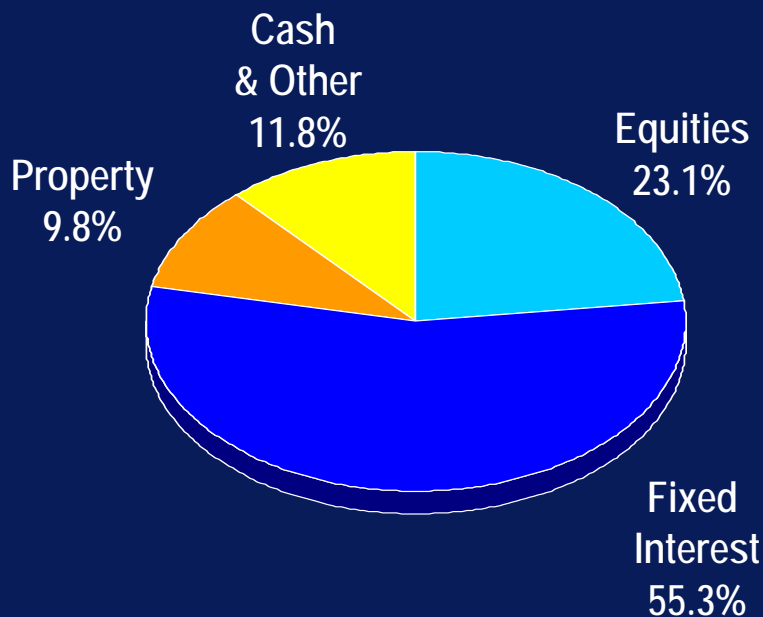


H1 2004

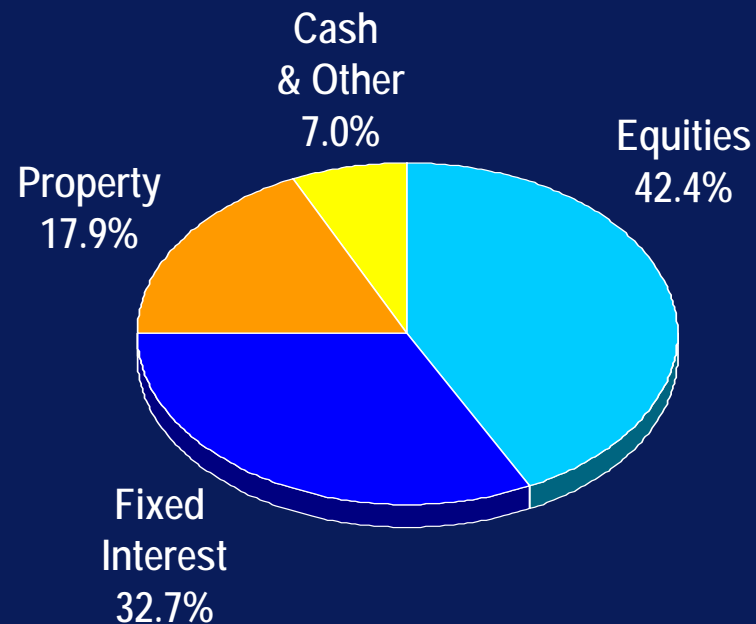


Differential EBR

Category 1 WP Policies



Category 2 WP Policies



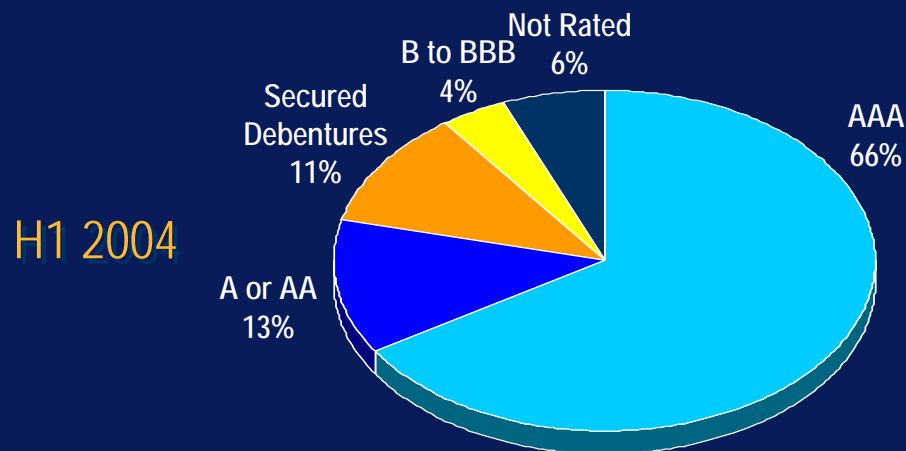
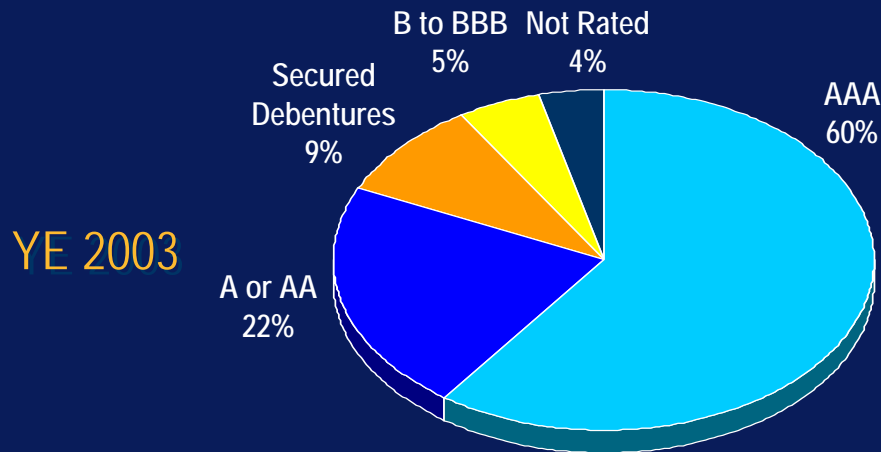
Asset mix for main categories of with profits business as at 30/06/2004.

Category 1 = unitised pensions with 4% unit growth guarantee and unitised life with 3% unit growth guarantee.

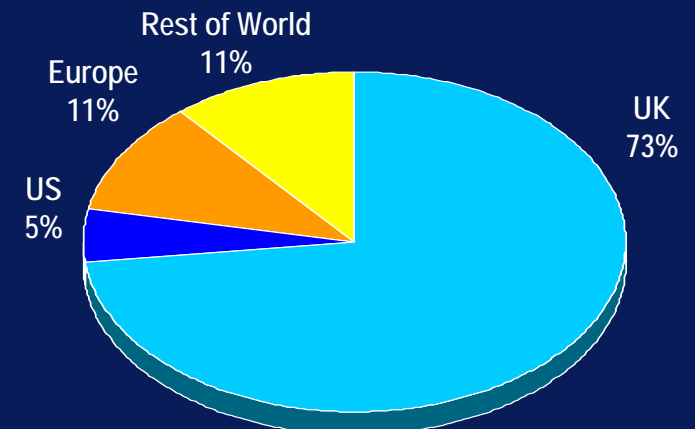
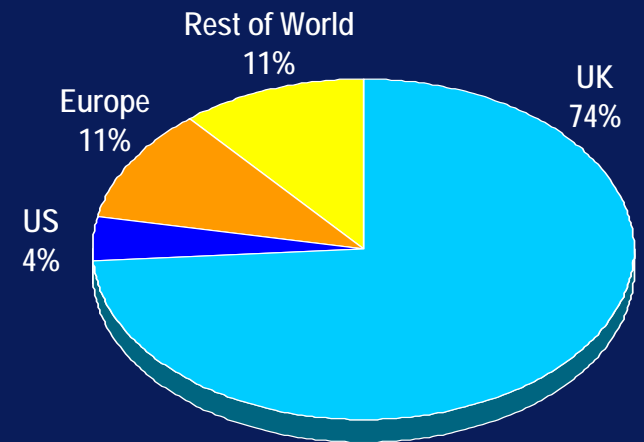
Category 2 = other unitised pension business not in category 1, non-unitised pensions, with profits pension annuity, conventional life business, with profit bonds, Homeplan and other unitised life policies not in category 1

Asset Quality

Fixed Income Portfolio Breakdown By Credit Rating



Equity Portfolio Breakdown By Geography



Asset distribution of the Main Fund which includes the participating (with-Profits) Fund and non-Participating Fund

Summary



Standard Life is well positioned in challenging times:

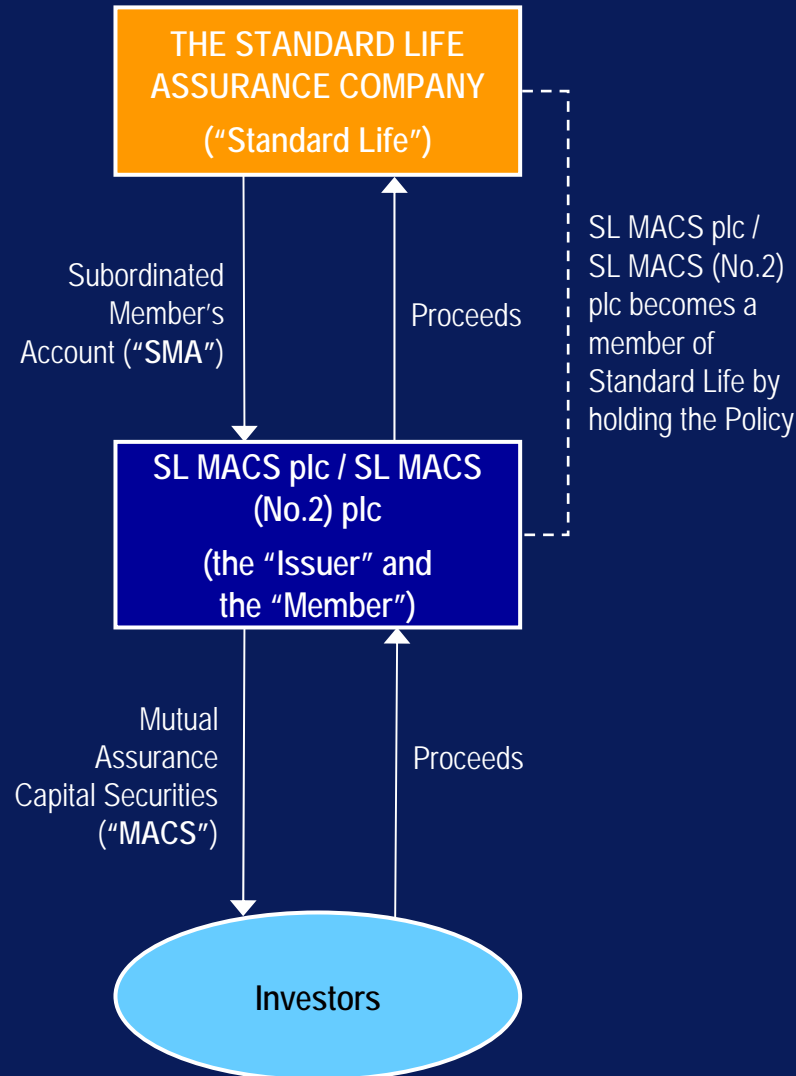
- Strong focused franchise
- Well diversified group of businesses and focus on increasing diversification
- UK L&P re-positioning progressing well
- Strong growth outside UK L&P business
- Good progress towards demutualisation
- Secure financial position
- Strong credit ratings
- Focus on award winning customer service

Hybrid Capital Offering

Rationale for Hybrid Capital Offering

- Standard Life has strong financial strength rating – A1/A+
- Group aims to consolidate its capital position in a changing regulatory environment
- Hybrid Capital offers efficient form of capital consistent with maintaining a balanced capital structure
- Long maturity provides core long-term funding
- The proposed transactions will qualify as innovative Tier 1 capital for Standard Life under the new FSA guidelines
- Proceeds will be used to support organic growth in targeted businesses

Structural Diagram



Terms and Conditions

Securities

Mutual Assurance Capital Securities (MACS)

Amount

EUR [●] million, GBP [●] million

Structure

Each Issuer, SL MACS plc (€ tranche) & SL MACS (No.2) plc (£ tranche), is a member of Standard Life by virtue of holding a policy. The issue proceeds are advanced to Standard Life under a Subordinated Members Account Agreement ("SMA Agreement")

Issue Price

100% of their principal amount

Status

Securities are unconditional and secured obligations of the Issuer and give the holders a fixed charge over the Issuer's rights under the SMA Agreement

SMA Agreement

Standard Life's obligations under the SMA Agreement are perpetual, unsecured and subordinated

Ranking

The effect of the SMA agreement and fixed charge is that investors will rank junior to subordinated debt holders of Standard Life

Coupon

Fixed [●]% payable annually until [●]; floating [●] + [●] thereafter for the EUR tranche and [5 year] Benchmark Gilt + [●]% for the GBP tranche

Terms and Conditions (cont'd)

Coupon Deferral

- Mandatory - upon regulatory insolvency
- Optional - at Standard Life's sole discretion and upon breach of Minimum Coverage Ratio of 125 per cent

Deferred Coupons

- Deferred Coupons will be payable upon redemption or liquidation
- Standard Life may capitalise deferred coupons provided that it is Solvent
- Coupons Deferred when Minimum Coverage Ratio is above 125 per cent will be automatically capitalized

Maturity

Perpetual, but redeemable at par at Standard Life's option in [●] and every coupon reset date thereafter, subject to regulatory approval

Early Redemption

At par upon imposition of withholding taxes and at the make whole amount upon all other tax events or a capital disqualification event

Expected Ratings

"[Baa1]" (Moody's) / "[A-]" (Standard & Poor's)

Governing Law

English Law

Comparative Agency Opinions

Hybrid Tier 1 ratings in line with its peer group

| | Agency | Subordinated Rating | Outlook |
|-------------------|---------|---------------------|----------|
| Standard Life | S&P | A- | Negative |
| | Moody's | Baa1 | Negative |
| Prudential | S&P | A | Negative |
| | Moody's | Baa1 | Stable |
| Aviva | S&P | A- ⁽¹⁾ | Stable |
| | Moody's | A3 ⁽¹⁾ | Negative |
| Allianz | S&P | A- | Negative |
| | Moody's | A2 | Stable |
| Axa | S&P | BBB+ | Stable |
| | Moody's | Baa1 | Stable |
| Friends Provident | S&P | A- | Stable |
| | Moody's | Baa2 | Stable |
| Legal & General | S&P | A ⁽¹⁾ | Stable |
| | Moody's | A3 ⁽¹⁾ | Stable |

(1) Implied Tier 1 rating

Questions & Answers

Appendices

UK Life & Pensions Business



| | |
|---------------------|---|
| Products | <ul style="list-style-type: none">● Group & individual pensions● Bonds and savings (including fixed term capital protected bond)● Annuities● Life and protection● Accounts for 80% of the Group's life assurance and pension gross written premium as at 15 November 2003 |
| Distribution | <ul style="list-style-type: none">● 95% - Independent Financial Advisers● 5% - Other● Standard Life Direct launched in March 2004. |
| Market Share | <ul style="list-style-type: none">● A leading life assurance office with 9.3% share of UK life and pension new business in first half 2004.● Leading player in IFA distribution sector with 12.5% IFA market share in first half 2004 |
| Awards | <ul style="list-style-type: none">● "Company of the Year" in the 2004 Money Management Financial Services Awards, 6th consecutive year● "Best Pension Product" and "Best Pension Service" at the 2004 Moneyfacts Investment, Life and Pensions Award |

Canadian Business



| | |
|---------------------|---|
| Products | <ul style="list-style-type: none">● Group and individual annuities● Group and individual life assurance● Healthcare● Accounts for 13% of the Group's life assurance and pension gross written premium as at 15 November 2003 |
| Distribution | <ul style="list-style-type: none">● Predominantly intermediaries, writing 95% of total business |
| Market Share | <ul style="list-style-type: none">● Overall 6% share of Canadian life and healthcare market, and● 4th largest provider of life insurance and pension products in Canada (by reference to 2003 gross premiums) |

Other Overseas Business

- Operations in Ireland, Germany, Austria, Spain, Hong Kong and China account for remaining 7% of the Group's life assurance and pension gross written premium as at 15 November 2003
- Ireland:
 - Sells through independent insurance brokers
 - Intention to offset reduction in demand for WP products by phased programme of product developments
- Germany & Austria:
 - Sells through broker network
 - Range of with profits savings products

Other Businesses



| | Standard Life Healthcare | Standard Life Investments | Standard Life Bank |
|---------------------|--|---|--|
| Products | <ul style="list-style-type: none"> ● Personal and corporate private healthcare insurance in UK ● Accident and sickness business in Canada ● General business in Spain | <ul style="list-style-type: none"> ● Corporate Pensions ● Segregated Funds ● Mutual Funds ● Private Equity ● Property and Products ● Money Market | <ul style="list-style-type: none"> ● Individual/ Retail Deposit Accounts ● Business Saving Accounts ● Residential Prime Mortgages |
| Distribution | <ul style="list-style-type: none"> ● Intermediaries, direct sales | <ul style="list-style-type: none"> ● Institutional, direct sales and IFAs | <ul style="list-style-type: none"> ● IFAs, specialist mortgage intermediaries and direct marketing. ● Introduced channel delivered 86% of mortgage business and 39% of savings business during year to 15/05/2004. |
| Performance | <ul style="list-style-type: none"> ● 4th largest private healthcare company in the UK (based on gross premium) | <ul style="list-style-type: none"> ● Assets under management of £94.8bn as at 15/05/2004. ● Third party assets under management of £15.9bn as at 15/05/2004 | <ul style="list-style-type: none"> ● 1.25% of the UK net mortgage lending market in 1 H 2004 |
| Awards | <ul style="list-style-type: none"> ● "Health Insurance Company of the Year" at the 2003 Health Insurance Awards | <ul style="list-style-type: none"> ● SLI won all three awards in 2003 in the Money Market Fund Association Awards ● "Investment Provider 5-star Award" for the 8th consecutive year in the Financial Advisor Service Awards in December 2003 | <ul style="list-style-type: none"> ● "Gold Offset Lender of the Year at the Financial Adviser Mortgage Awards 2004 ● "Best Flexible Lender" at the Mortgage Magazine Awards 2004 |