



Standard Life

Preliminary Results 2008

12 March 2009

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.

What we will be covering



Group Overview

Sir Sandy Crombie

Financial Highlights

David Nish

Delivering value from an asset managing business

Sir Sandy Crombie

Questions

Sir Sandy Crombie, David Nish and Keith Skeoch



Group Overview

Sir Sandy Crombie

A distinctive approach to delivering value



An asset managing business building valuable customer relationships with leading service and compelling propositions

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

Delivering shareholder value

Standard Life – strategy delivered



- Shareholder risks reduced or hedged
- FGD surplus relatively robust to equity markets
- New money flows resilient through the cycle
- Growth driven by consolidating assets more than discretionary retail flows
- Payback periods short with good IRRs - a 'capital lite' business model
- Delivers strong capital and cash flow generation
- An ongoing focus on efficiency



Financial Highlights

David Nish

Financial highlights



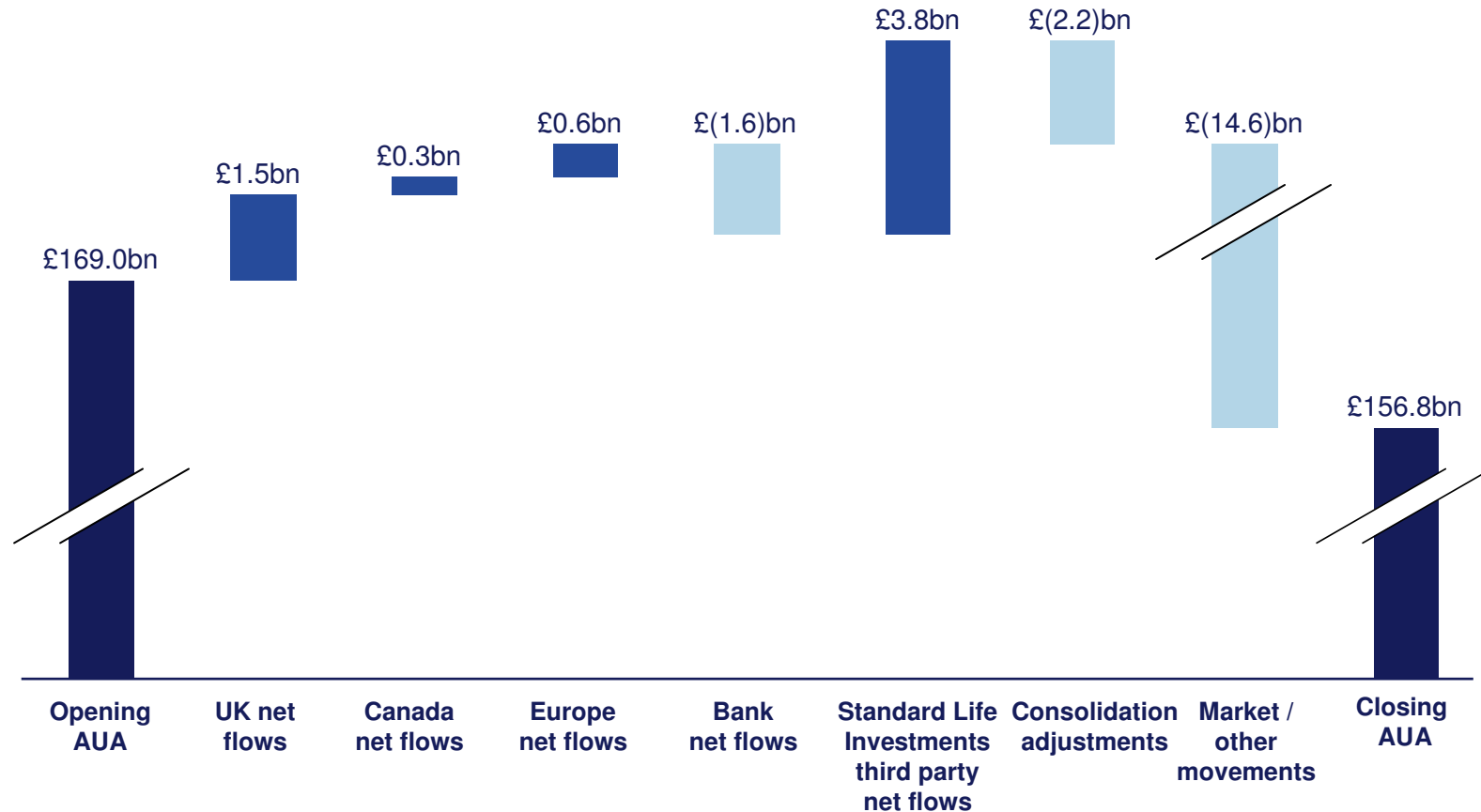
	2008	2007
Assets under administration	£156.8bn	£169.0bn
Life and pensions net flows ¹	£2.4bn	£2.8bn
Asset management third party net flows ²	£3.8bn	£5.3bn
New business IRR	16%	19%
Embedded value operating profit before tax	£933m	£881m
Return on embedded value (RoEV)	10.9%	11.5%
IFRS underlying profit before tax	£154m	£714m
EEV Core capital and cash generation	£303m	£334m
Embedded value per share	286p	285p
FGD surplus	£3.5bn	£3.6bn
Dividend per share	11.77p	11.50p

1) Excludes Asia Pacific

2) Excludes net flows in respect of money market funds

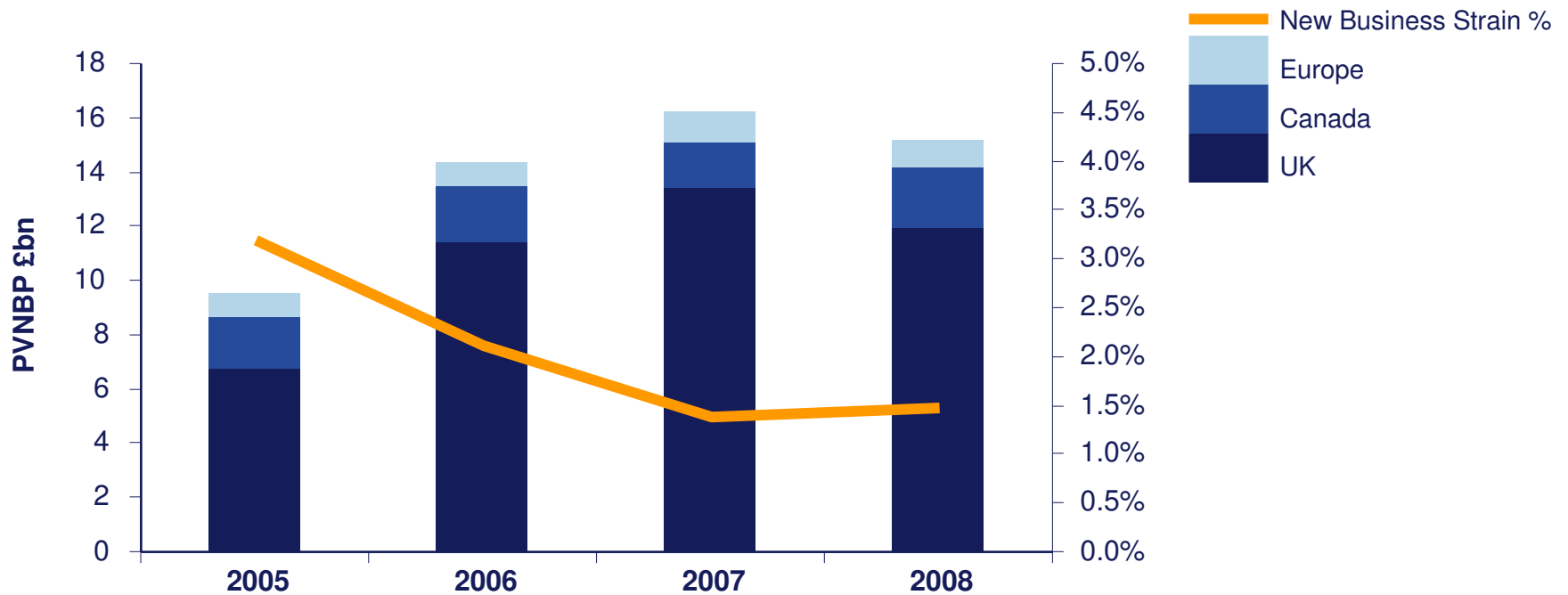
A solid performance in difficult market conditions

Movement in assets under administration



Resilient net inflows in difficult markets

Delivering a 'capital lite' strategy



NBS is calculated on a post tax basis. New business strain margin for 2005, 2006 and 2007 have not been restated to include mutual fund sales as covered business. 2005 and 2006 NBS is shown on a pro forma basis.

A robust model in difficult market conditions

Growing returns – capital lite products



	2008				2007
	IRR	Discounted Payback	PVNBP margin	NBC	NBC
	%	years	%	£m	£m
Individual pensions	16%	8	1.3%	56	123
Group pensions	13%	12	2.1%	55	60
Institutional pensions	>40%	<3	1.1%	20	17
Savings and investments	8%	24	0.2%	6	34
Annuities	Infinite	Immediate	15.8%	74	54
Protection	Discontinued	Discontinued	Discontinued	1	(6)
UK covered business total	18%	8	1.8%	212	282
Canada	17%	8	1.5%	34	37
Europe	11%	13	1.8%	18	26
Covered business total	16%	8	1.7%	264	345

Strength of IRR demonstrates benefit of capital lite approach

Back book management

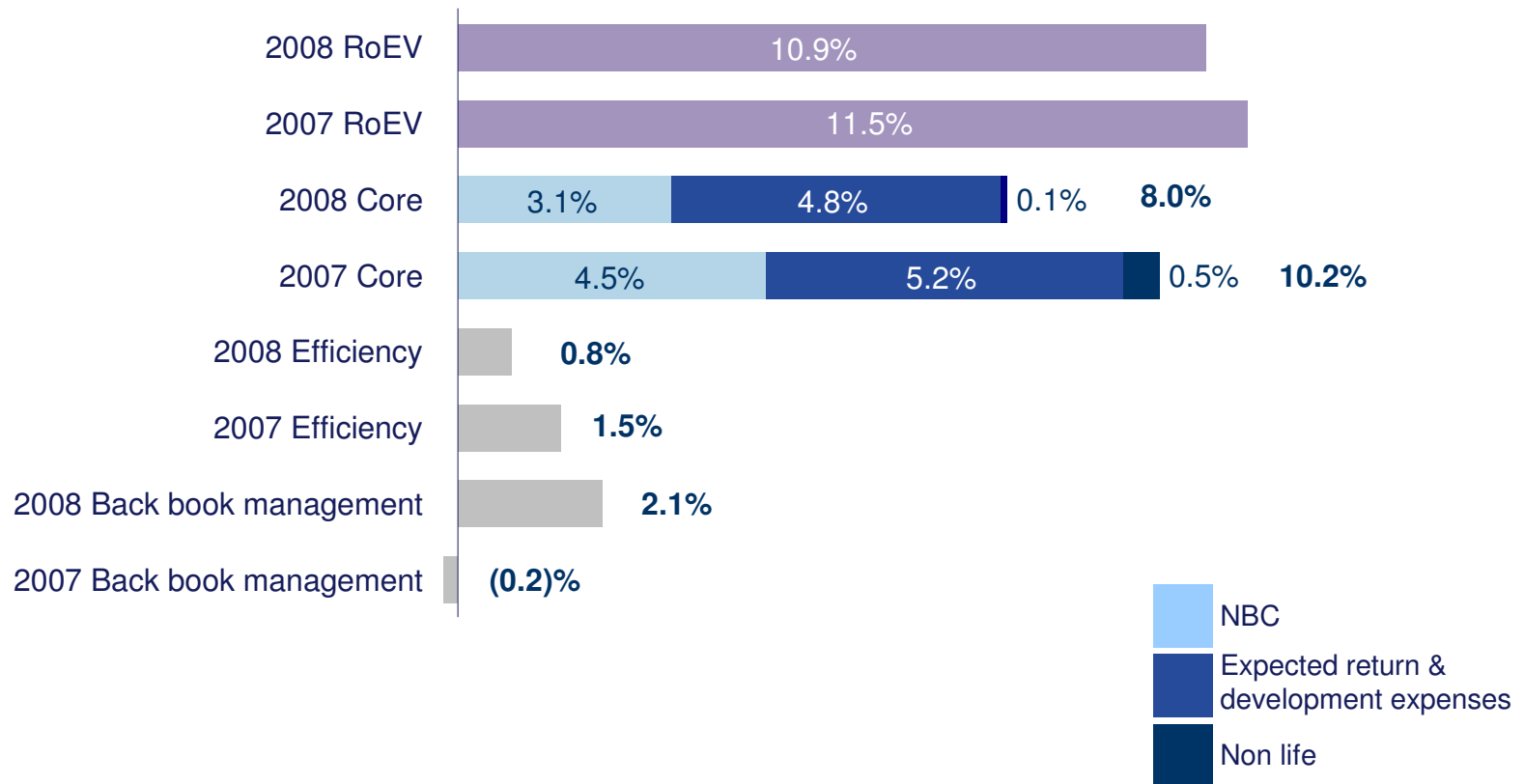


					FY 2008	FY 2007
	UK £m	Canada £m	Europe £m	HWPF TVOG £m	Total £m	Total £m
Lapses	(17)	(25)	3	-	(39)	(249)
Mortality and morbidity	49	4	2	-	55	(95)
Tax	38	38	-	-	76	56
Deferred Annuities	96	-	-	-	96	191
UK annuity reinsurance	96	-	12	11	119	-
Pension Sterling Fund	(108)	-	-	-	(108)	-
Other	(32) ¹	21	(4)	-	(15)	78
Total	122	38	13	11	184	(19)

1) UK includes non covered of (£5m)

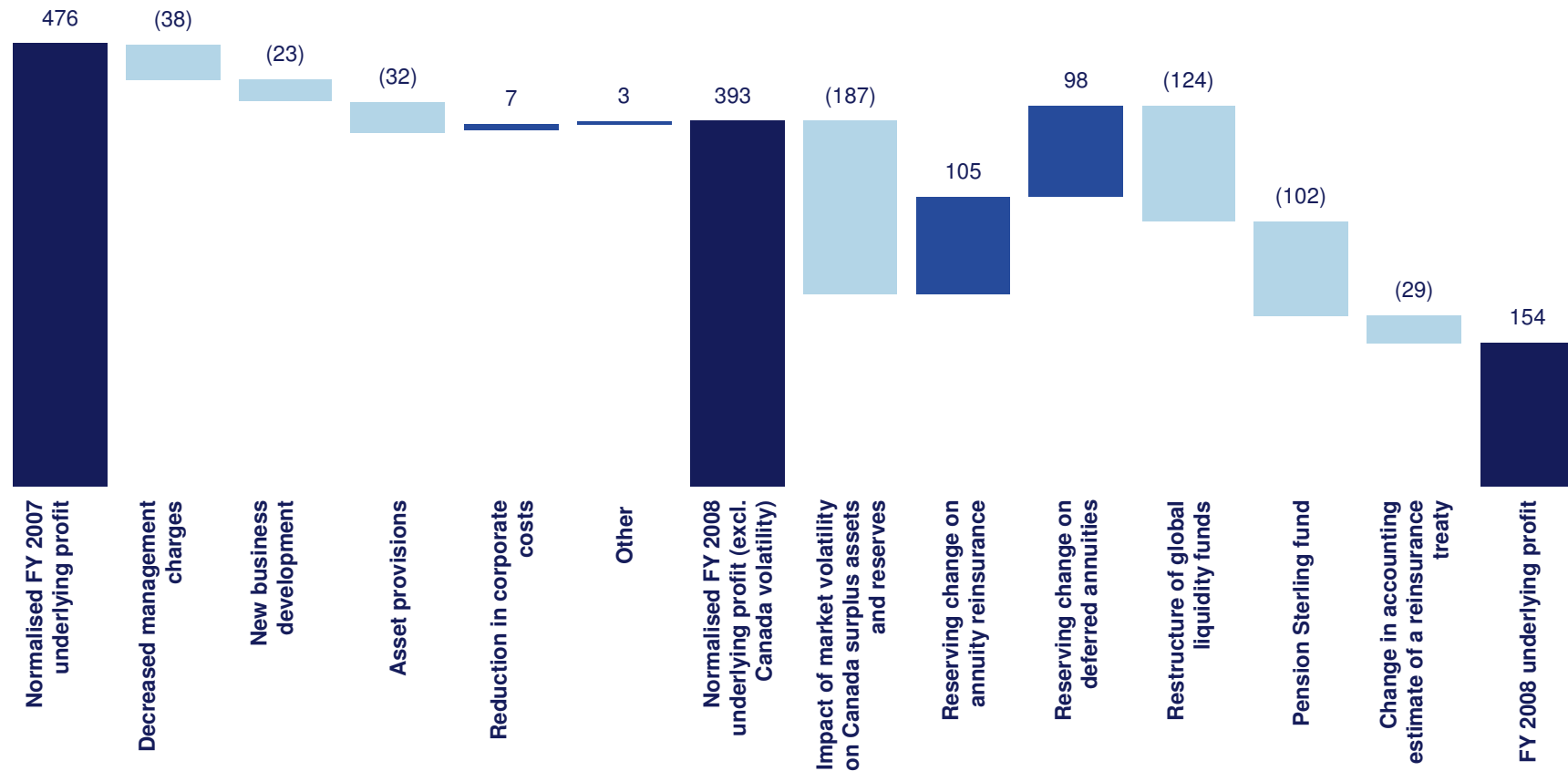
Value driven from our active back book management

Return on embedded value (RoEV)



RoEV resilient in challenging markets

IFRS underlying profits



IFRS profits impacted by significant market volatility

Capital and cash generation



	FY 2008 £m	FY 2007 £m
New business strain	(224)	(225)
Capital and cash generation from existing business	546	549
Covered business capital and cash generation from new business and expected return	322	324
Covered business development expenses	(27)	(16)
Investments, banking and healthcare	58	65
Group Corporate Centre costs	(36)	(40)
Investment income and other non-life entities	(14)	1
Core	303	334
Efficiency	7	20
Back book management	113	209
Operating profit capital and cash generation	423	563
Non-operating items	(87)	37
Total capital and cash generation	336	600

All figures are post-tax

Strong coverage of new business strain maintained

Capital and cash generation



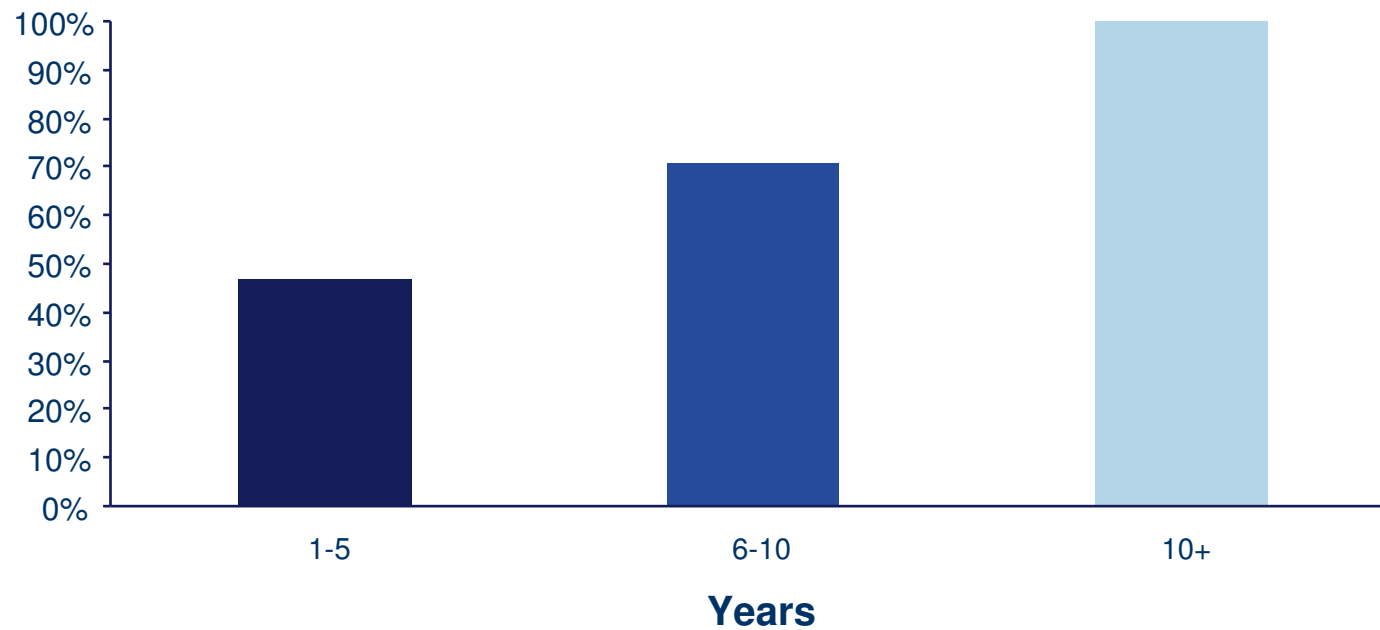
	Free Surplus £m	Required Capital £m	Net Worth £m	PVIF £m	Group EEV £m
31 December 2007	2,204	680	2,884	3,327	6,211
Adjustment to opening EEV	-	-	-	32	32
Operating capital and cash generation	377	46	423	-	423
Non operating capital and cash generation	(131)	44	(87)	-	(87)
PVIF income statement movement	-	-	-	(470)	(470)
Profit after tax	246	90	336	(470)	(134)
Dividends	(257)	-	(257)	-	(257)
Other non-trading movements	155	74	229	164	393
31 December 2008	2,348	844	3,192	3,053	6,245

A resilient balance sheet

Maturity profile of PVIF



Cumulative proportion of existing business PVIF converting into cash



Half of PVIF converts to cash within the next 5 years

Analysis of EEV balance sheet



		£m	%
Net Worth	Covered Business Net Worth	2,079	
	Non-covered Business Net Assets	1,035	
	Intangibles	78	
	Total	3,192	51%
VIF	Savings Business PVIF¹	3,045	
	UK & Europe Annuity PVIF²	209	
	Canada Annuity PVIF³	347	
	TVOG	(257)	
	Cost of Capital	(292)	
	Total VIF	3,053	49%
Total EEV		6,245	100%

1) Includes a small amount of Protection business.

2) Includes £5m for Europe, £204m for UK.

3) Canada Annuity PVIF represents immediate annuities, fixed annuities and other related business.

Market Consistent Embedded Value (MCEV)



	EEV Approach	MCEV Requirement	Impact on moving to MCEV
Corporate Centre Costs	Head office costs not capitalised	Need to allocate covered business appropriately	Will reduce starting MCEV due to capitalisation of part of Head Office Costs. Should already be allowed for in analysts' cash flow projections. Capitalisation will improve future RoEV.
Non Hedgeable Risks	Around £350m deduction for non market risk – in addition to £292m of Cost of Capital	Being reviewed by CFO Forum	Current EEV non market risk allowance broadly equivalent to around 2% to 3% of NHR capital for MCEV – likely to require no significant changes for MCEV.
Liquidity Premium	Annuity PVIF of £556m (UK & Europe £209m, Canada £347m) includes liquidity premiums	Being reviewed by CFO Forum. Original guidance allowed no liquidity premium – momentum for change, but size of permitted liquidity premium unknown at present.	Will reduce starting MCEV and future annuity NBC – reduction depends on liquidity premium recommended by CFO Forum.

- Review of MCEV Principles¹ is currently being undertaken by CFO Forum
- Standard Life await further CFO Guidance before finalising our approach to MCEV

1) European Insurance CFO Forum Market Consistent Embedded Value Principles. Copyright © Stichting CFO Forum Foundation 2008.

Asset exposures



As at 31 December 2008	Shareholder		Policyholder Participating	Policyholder Unit Linked	Minority Interests	Total
	£m	%	£m	£m	£m	£m
Investment property	856	3	3,344	3,186	352	7,738
Equity securities	413	2	7,806	30,452	1,078	39,749
Debt securities	8,272	31	28,880	13,442	373	50,967
Loans and receivables	11,670	44	250	149	-	12,069
Other financial assets ¹	1,981	7	7,919	842	86	10,828
Cash and cash equivalents	3,518	13	3,173	3,221	140	10,052
Total	26,710	100	51,372	51,292	2,029	131,403

- Loans and receivables principally relate to Standard Life Bank
- Canadian non-segregated funds – account for the majority of shareholder exposures to investment property, equity securities and debt securities
- Shareholder exposure to debt securities ex Canadian non-segregated funds – £2.9bn principally used to back annuity and reinsurance liabilities (£1.5bn), subordinated debt (£0.5bn) and stock lending programme (£0.4bn)

1) Other financial assets include reinsurance assets and derivative financial assets

Low shareholder exposure to equities and property

Credit risk allowance for corporate bonds



UK and Europe annuities

- £1.5bn of bonds, comprising £0.8bn of government and government backed bonds and corporate bonds of £0.7bn used to back £1.5bn of annuity liabilities
- Weighted average default assumption into perpetuity for corporate bonds increased to 87bps (an increase of 50bps)
- Default deduction for corporate bonds equivalent to 160bps for 4 years and 50bps thereafter
- Impact on IFRS Profit and FGD surplus of the additional 50bp allowance - approx. £20m reduction (pre tax)
- Total default provision of £40m (2007: £20m)

Canada

- Total bond holdings of £5.4bn, comprising £3.2bn of government bonds (Federal, Provincial and Municipal) and £2.2bn of corporate bonds
- Default assumption for corporate bonds into perpetuity maintained at 36bps, average quality of portfolio increased from A to A+, no defaults experienced in 2008
- Total provision for corporate bond defaults of £90m (2007: £71m)

- Standard Life Bank generated net retail inflows of £2.0bn (2007: net outflow £0.5bn):
 - Mortgages under management £9.7bn (31 December 2007: £11.3bn)
 - Savings balances £5.0bn (31 December 2007: £4.6bn)
- Asset quality remains good with an arrears rate of 0.40%, which is less than a fifth of the Council of Mortgage Lenders industry average of 2.09% reported at Q4 2008
- The liquidity and funding position remains robust:
 - No maturities from our Lothian securitisation programme until 2011
 - £0.5bn 2-year AAA rated guaranteed bond successfully issued in February 2009
 - Net intercompany funding currently £0.1bn
 - Reliance on unsecured wholesale funding significantly reduced
 - No usage of £0.6bn committed facilities

A high quality mortgage book with diverse sources of funding

Credit exposures



As at 31 December 2008	Shareholder £m	Policyholder Unit linked £m	Policyholder Participating £m	Third Party £m	Total £m
US sub-prime RMBS	-	-	-	-	-
US Alt-A	-	-	-	-	-
CDO/CSO/CLO ¹	-	-	6	-	6
Wrapped credit	47	49	204	83	383
Direct monoline	-	-	-	-	-
SIVs ²	36	-	-	-	36
Total	83	49	210	83	425
% Asset backed securities	1.6%	0.9%	4.0%	1.6%	8.1%
% Total assets under administration	0.05%	0.03%	0.14%	0.05%	0.27%

- No direct exposure to US sub-prime mortgages
- No direct exposure to monolines
- Minimal direct exposure to CDOs / CSOs of £6m (rated AAA)

1) Entire exposure to AAA rated CSO underlying collateral investment grade corporate exposure

2) Post year end exposure to SIVs has fallen to £6m (Whistlejacket) following maturity of K2 and LINKS.

Heritage With Profits Fund (HWPF) - Estate



Movement during 2008

- HWPF Estate of £0.5bn at December 2008 (2007: £1.5bn)
- £0.7bn reduction due to the transfer of corporate bonds from backing annuities into asset shares and further spread widening
- Value of guarantees in Estate assumes no liquidity premium – potentially significant upside
- Hedging effective – severe equity market falls in 2008 have reduced the Estate by only £50m

Sensitivities and current position

- Estimated HWPF Estate of c£0.3bn in current conditions
- A further 20% fall in equities combined with a further 50bp increase in corporate bond spreads from current levels results in an estimated Estate in excess of £100m
- Capital Support Mechanism means if there were a shortfall, furthest out years encumbered first, e.g. a £100m shortfall would not encumber transfers for approximately twenty years
- Transfers from the fund also require consideration of the regulatory peak surplus of the fund

Estate and hedge have been effective at absorbing market falls to date

HWPF Time Value of Options and Guarantees (TVOG)



- The TVOG measures the risk to the transfers from the HWPF to shareholders fully reflecting the current size of the Estate and the risk of potential future shortfalls
- TVOG of £220m at end of 2008 fully reflects market conditions at that date
- Estimated TVOG of £250m in current market conditions
- A further 20% fall in equities from current levels combined with a further 50bps increase in corporate bond spreads results in an estimated HWPF TVOG of c£290m

**Structure and relative insensitivity of fund limit shareholder exposure
– risk fully allowed for in TVOG**

Current FGD surplus broadly unchanged from year end



FGD Surplus after allowing for the final dividend

31 December 2007	31 December 2008	Est'd Current Position
£3.4bn	£3.3bn	£3.2bn

Sensitivity to equity market falls¹

Fall in equities	FGD Surplus after final dividend
20% (FTSE 3500)	£3.2bn
30% (FTSE 3100)	£3.1bn
40% (FTSE 2650)	£2.7bn

Sensitivity to yields¹

150bps rise in yields (e.g. 3.75% to 5.25%)	£2.5bn
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- Since 31 Dec 2008: equities down approx. 20%, property down 10%, spreads widened c50bps
- Impact principally retained within HWPF
- **Further stresses from current position similar to those experienced since the year end would leave us with an estimated surplus in excess of £2bn (after payment of final dividend)**

1) Compared to 31 December 2008

Capital position - resilient to market stresses

Growing the dividend



- Final dividend of 7.70p
- Total dividend for the year of 11.77p
- Growth in full year dividend of 2.3%
- Dividend well covered by core capital and cash generation
- Proposed replacement of DRIP with Scrip
- We will continue to apply our existing progressive dividend policy taking account of market conditions and our financial performance

The final dividend reflects the solid progress made during 2008

Financial summary



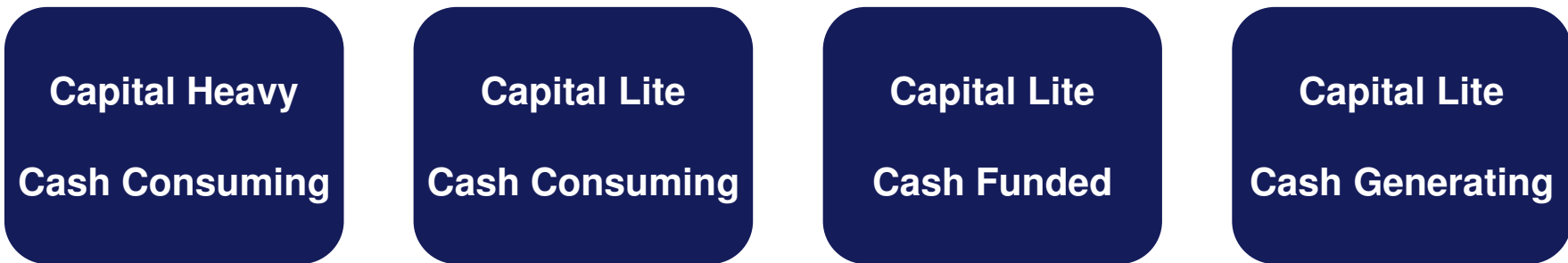
- Good net flows across the Group
- 'Capital lite' and cash generative with good IRRs
- Increased embedded value operating profit benefiting from our active back book management
- Low shareholder asset exposures with conservative default assumptions
- IFRS profits impacted by significant market volatility
- Balance sheet and capital position resilient
- Dividend growth of 2.3% to 11.77p

A robust performance in challenging market conditions

Delivering value from an asset managing business

Sir Sandy Crombie

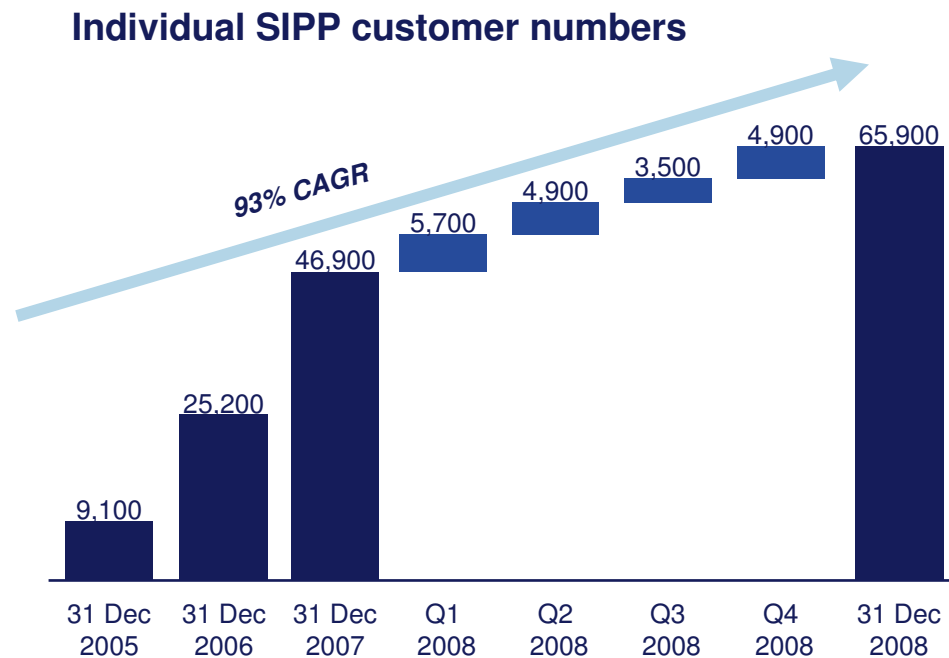
Our transition to a 'capital lite' business model



UK SIPP leadership



- Net flows into SIPP of £2.5bn dominated by pension consolidation
- SIPP FUA increased by 13% to £8.7bn during 2008 despite impact of reduced asset values



Customer run rate demonstrates resilience of consolidation focus

SIPP - enhancing the proposition



A programme of enhancements in 2008 to build further on our market leading proposition:

Protected Rights

- Ability to accept protected rights monies since 1 October 2008
- Business volumes in line with expectations
- 49% of new customers have invested Protected Rights in their SIPP
- Existing customers will consider consolidation at reviews

Reduced Risk Appetite

- Collaboration with SLB to provide customers with cash solutions
- Differentiates SIPP from traditional personal pensions which cannot offer direct cash investment

E-commerce

- Launch of online quotes, new business and trading has increased efficiencies
- Advisers use online trading for 43% of all trades
- Online access and straight through processing essential in volatile markets

Fund Platform

- Leveraged our in-house FundZone platform to compete in the fund platform SIPP market
- In-house platform maximises revenues to the group

We remain confident that the SIPP market will reach £100bn in 2011

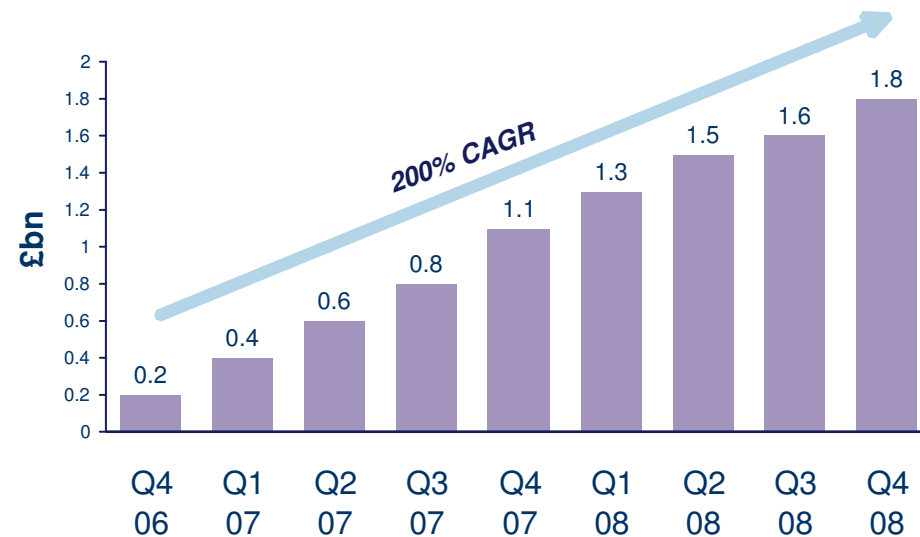
Attractive opportunities in a fast growing market

UK Wrap leadership



- Continued controlled roll out to advisers and strategic deals with major distribution groups
- The only platform rated 'eee' by FTRC/Money Marketing - 3 years in a row
- Number of committed adviser firms doubled in 2008
- Significant releases of new functionality – Protected Rights, Trusts
- Business Development Programme helping advisers to modernise their business and accelerate asset gathering onto platform
- Currently estimated to be £2.2 trillion of wrappable assets in the UK

Wrap funds under administration



2009 will see emphasis on driving more value from existing relationships

UK Corporate Pensions leadership



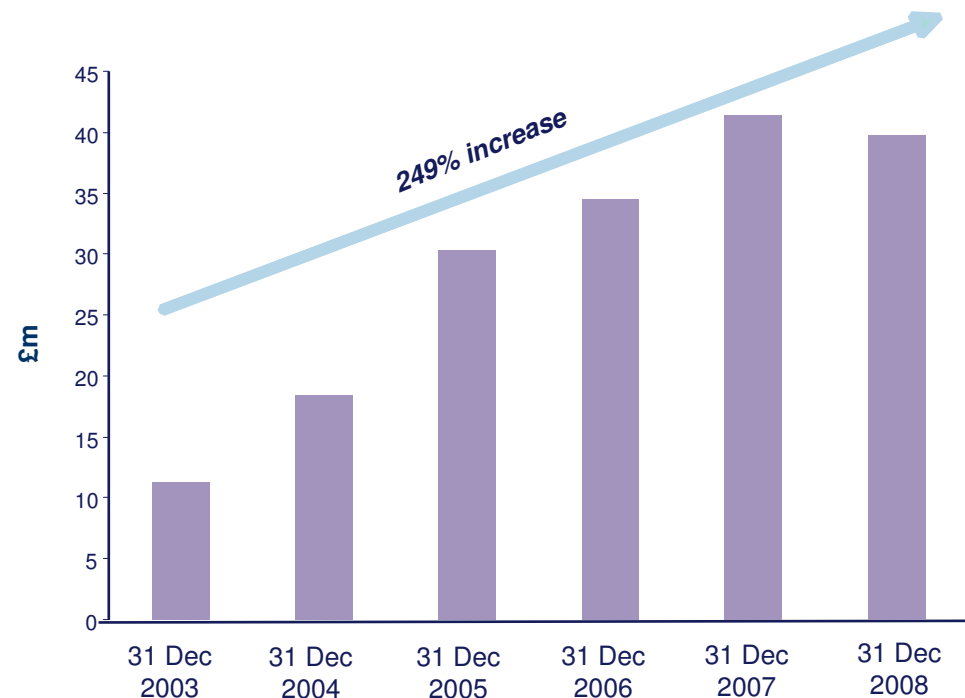
- Market-leading proposition
- Net inflows during 2008 of £1.5bn (2007: £1.2bn)
- Efficiency through scalability
- £13.8bn FUM at December 2008
- The corporate arena shows a continued trend towards:
 - DB to DC shift - £800bn¹ in the UK
 - Unbundled to bundled - £100bn² potential
 - Market consolidation - “Flight to quality”
 - Further development of our contract & trust-based propositions

Source:

1) “The Purple Book”

2) Troika market research

FUM per customer facing staff member



We believe we have the best Defined Contribution pension proposition in the UK

UK Corporate Pensions - enhancing the proposition



Market Leading Position

- Highly regarded by independent research (Greenwich)
- 'Best Group Pension Provider' – Corporate Adviser Awards 2009
- Growth in FTSE 100 relationships (over 50)

Distribution Strategy

- Specialist support to top segment of Consultants (approx 25 firms)
- Acquisition of Vebnet
- Increasing Direct influence

Proposition Development

- New trust based product
- Employee Wealth Plan
- Communication & Education

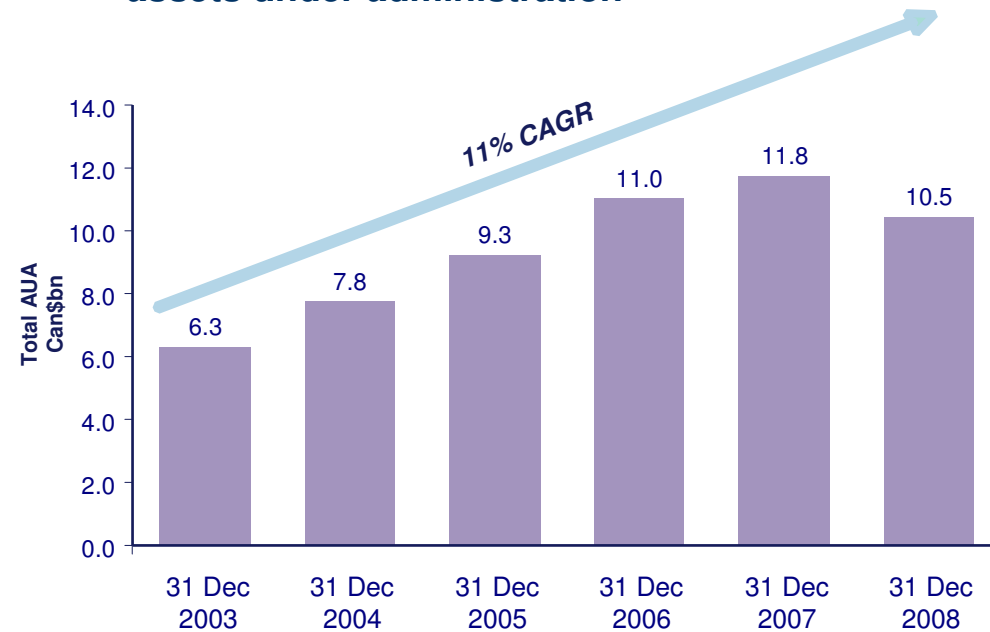
Well placed to capture growth in the UK Corporate Pensions market

Canada – institutional franchise driving strong new business metrics



- 23% increase in sales^{1,2}
- Significant increase in net inflows
- Embedded value operating profit up 10%²
- IRR of 17%
- Leveraging leading DC offering to secure a large DB administration mandate from existing client
- Continued excellence in disability and absence management

Canada Corporate Pensions assets under administration



1) Sales on a PVNBP basis and reflecting closing operating assumptions
2) Constant currency

A strong pension franchise

Asia-Pacific - potential from growing markets



India - HDFC SL

- Driving growth in a challenging market through increase in financial consultants to 202,000 (FY 2007: 132,000)
- Good growth in customer numbers
- Launch of first healthcare products in 2008 and further health products are being introduced

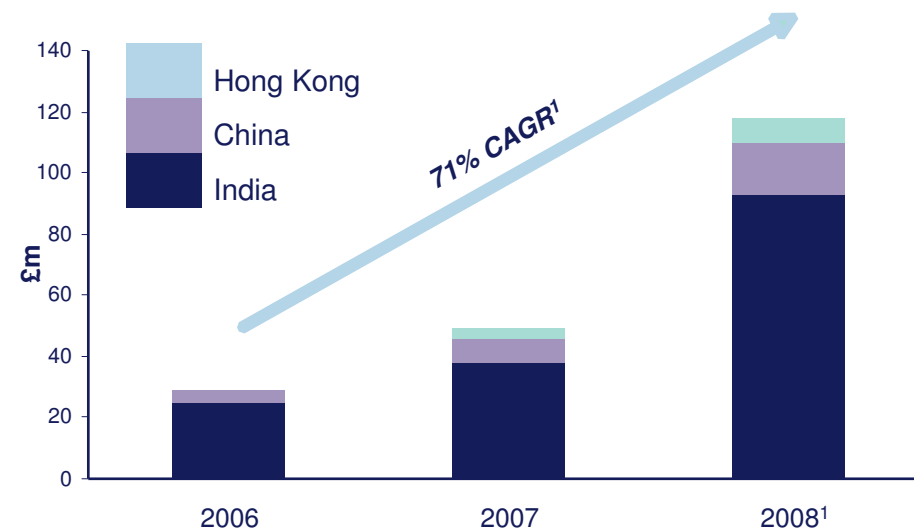
China - HASL

- Continuing to expand into new cities
- Achieved solid growth whilst captured market share in the foreign companies market
- Strong growth in the broker and group pensions channels in 2008

Hong Kong - SL Asia

- Increased market share through building strong relationships with brokers in 2008

Asia-Pacific - APE



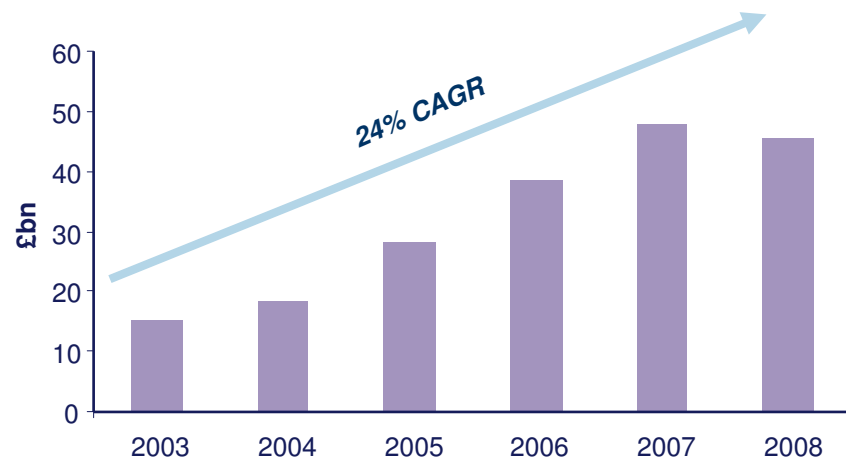
1) India new business based on current shareholding of 26%

Good growth potential

Standard Life Investments - strong revenue growth

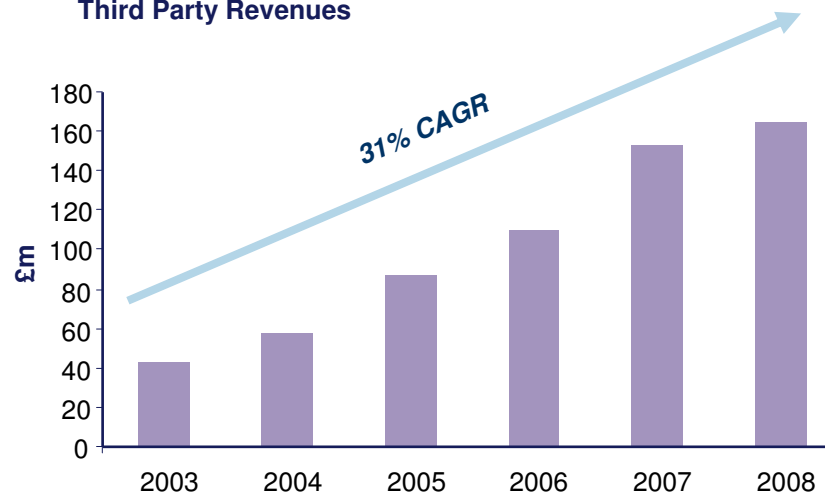


Third Party assets under management



- Third Party mandates have increased to 37% of total assets under management at 31 Dec 2008 (18% as at 31 December 2003)
- 2008 net new monies of £4.7bn (excluding money market funds and including Third Party Insurance contracts) offset by adverse market movements

Third Party Revenues



- Third Party revenues have increased to 61% of total revenues (35% for 2003)

Strong growth in third party assets and revenues

Standard Life Investments - a resilient asset management business



Institutional business

- Increasing popularity of fixed income and absolute return products
- Standard Life Investments well positioned due to breadth of offering and skills:
 - Fixed Income expertise
 - Global Absolute Return Strategies (GARS)
- Strong pipeline

Retail business

- 2009 expected to be a challenging year for the industry
- Our range of cash, bond, cautious managed and GARS products well suited to current period of market volatility
- Strong product development pipeline

Split of total Third Party FUM



Mix of business resilient to volatile markets

Investing for future growth

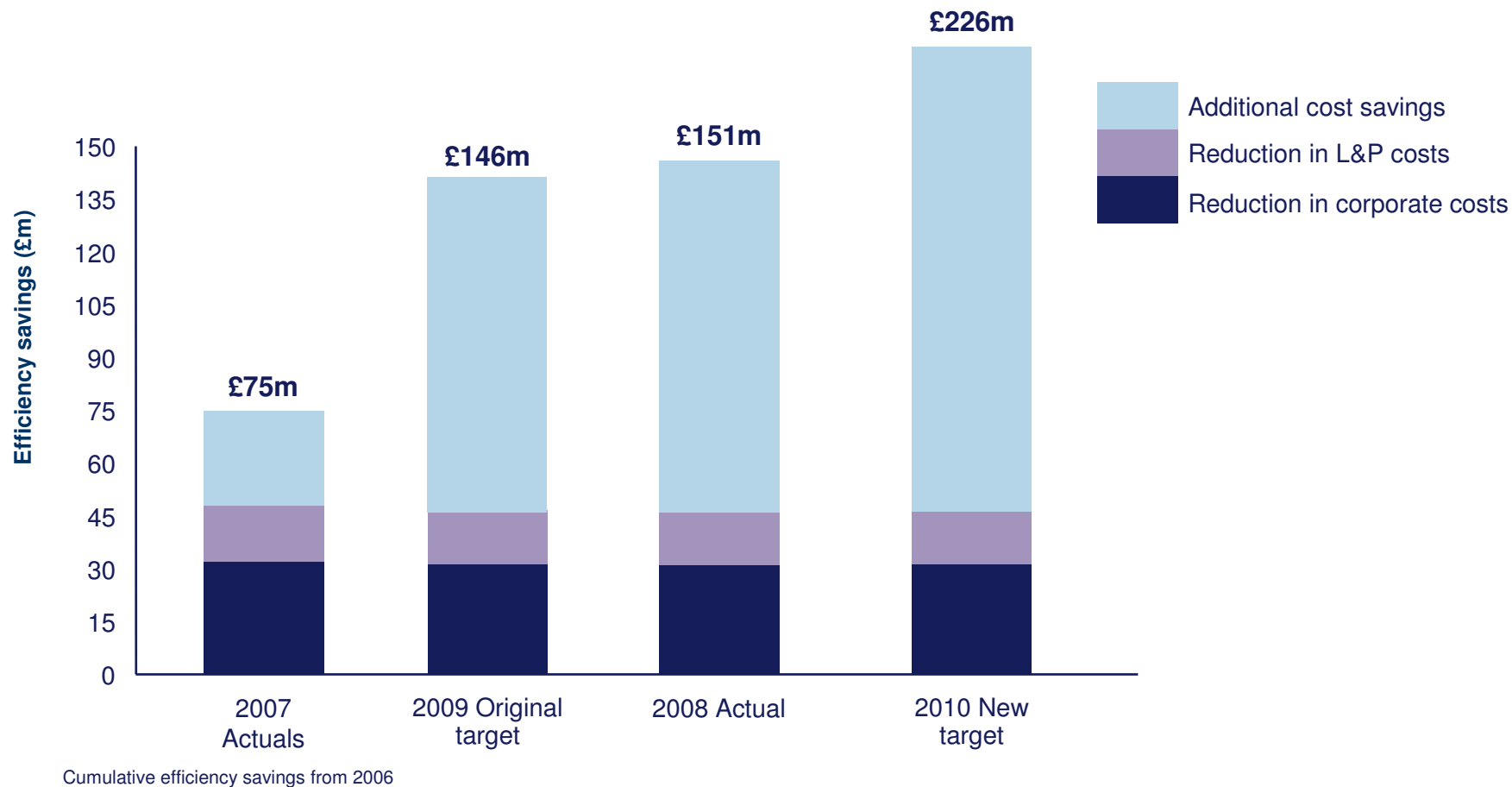


Investing in customer solutions

- Innovative Corporate SIPP
- Development of wider corporate benefit propositions
- Development of Wrap proposition
- Canadian segregated funds enhancements
- Strengthening our international savings propositions

Investing to drive tomorrow's growth

Achievement of efficiency targets



Efficiency target achieved one year early

Driving efficiency – new target set



The next phase of the Continuous Improvement Programme

Target to achieve a further £75m of annualised efficiency savings by the end of 2010

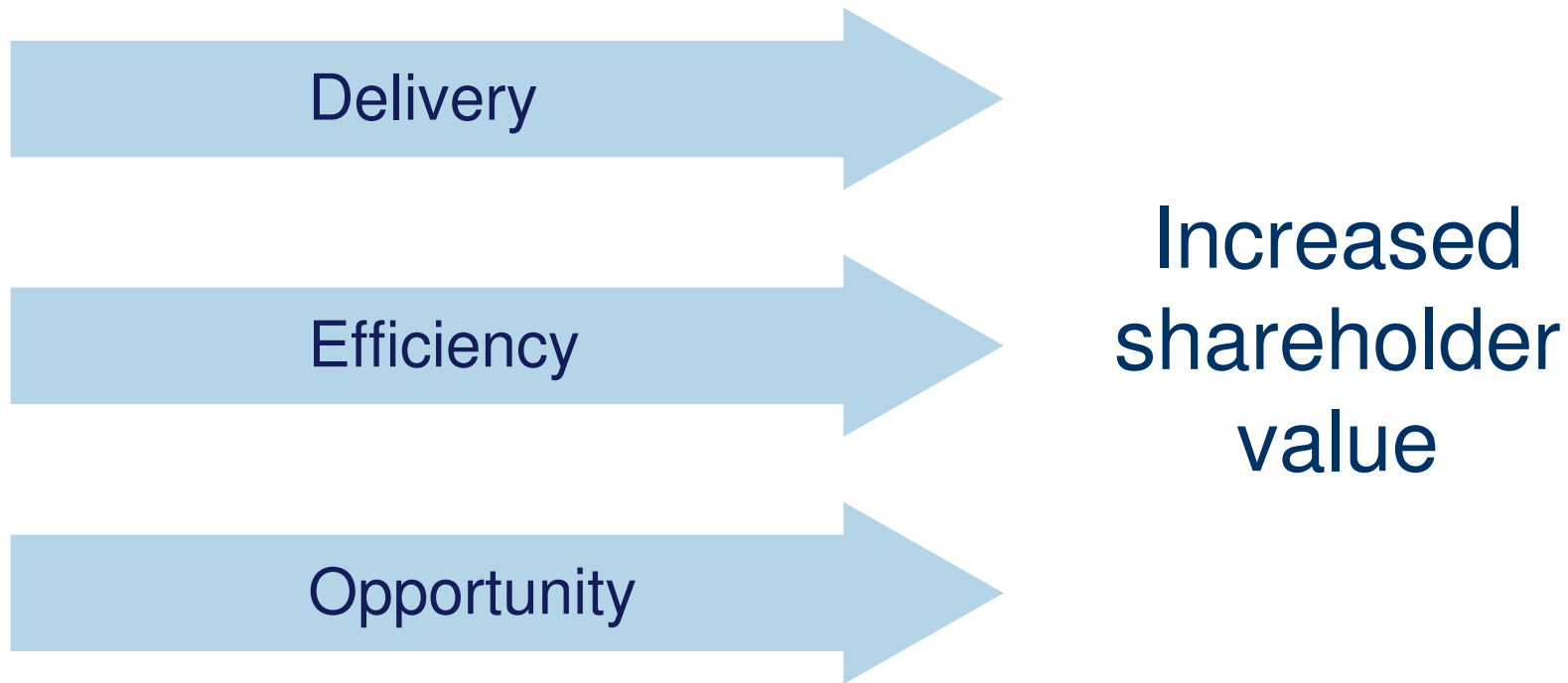
Restructuring of Distribution division will contribute towards this new target

Future actions:

- Extending our focus on process improvement
- Adopting a global approach for our infrastructure
- Realising additional synergies through Organisational Design
- Finance, Marketing, Distribution and HR Transformation Programmes
- Improving environmental efficiency

Delivering operational excellence

Increasing shareholder value is our objective



A solid business model in the face of challenging markets

Questions

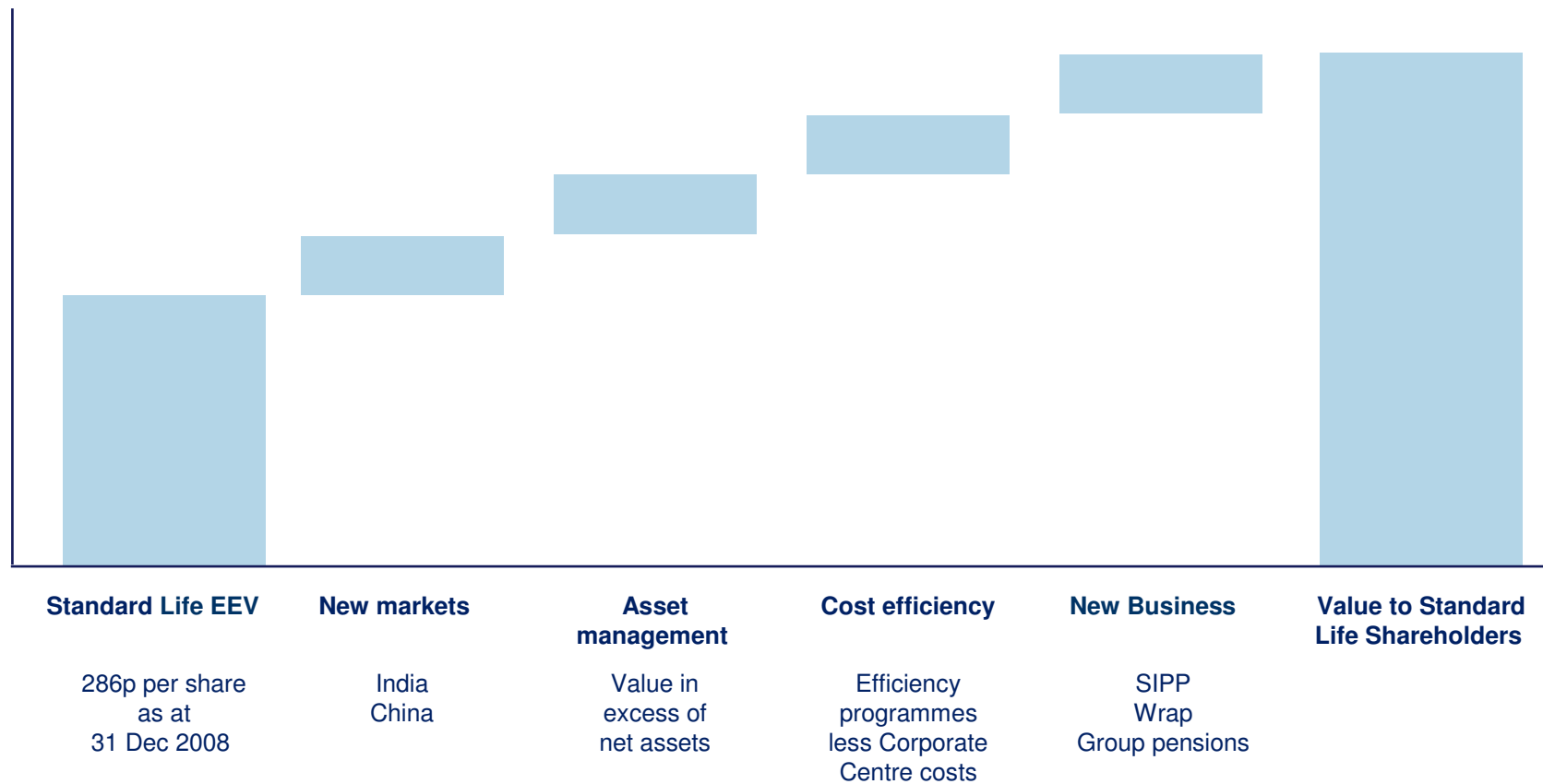
Sir Sandy Crombie, David Nish and Keith Skeoch

Appendix

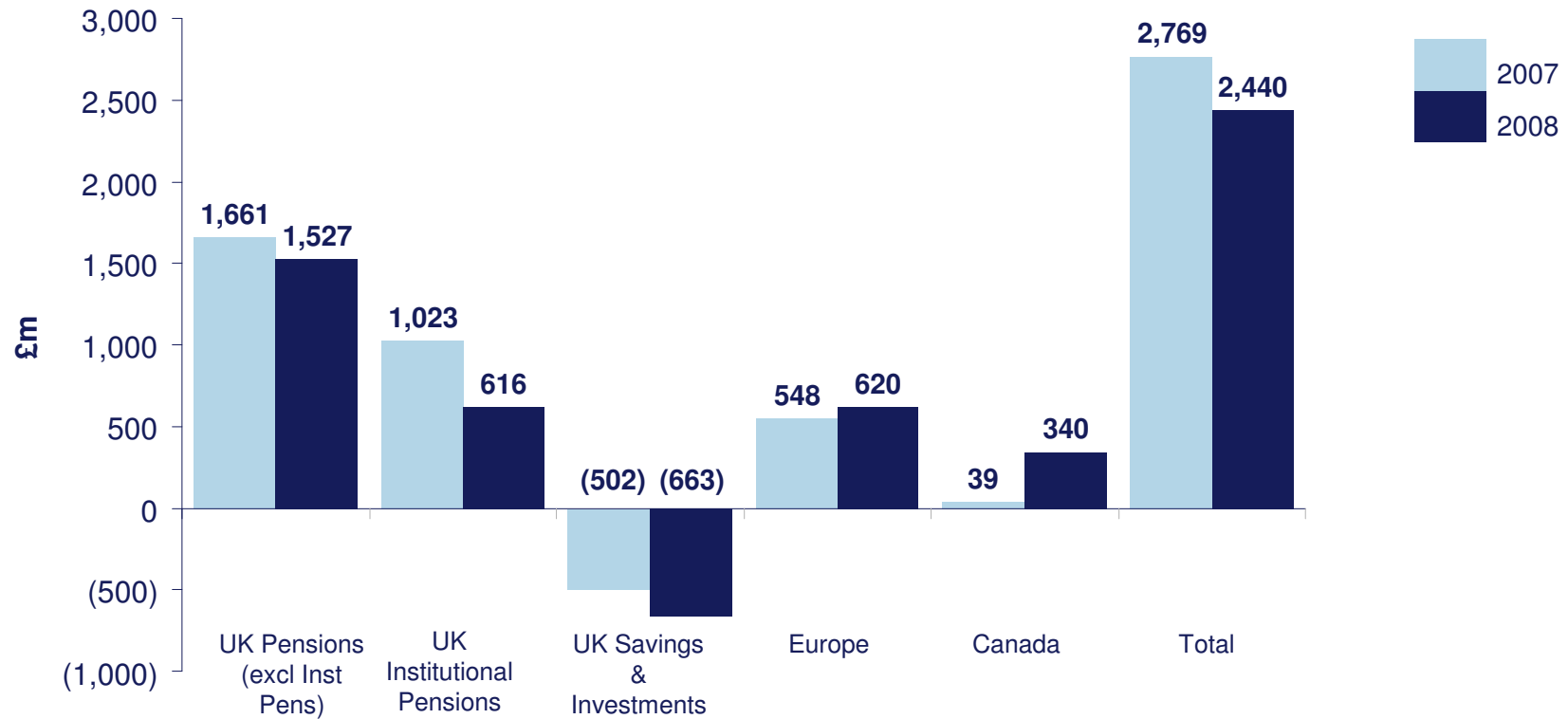
Components of Standard Life value



Illustrative key components in excess of EEV (*not to scale*)

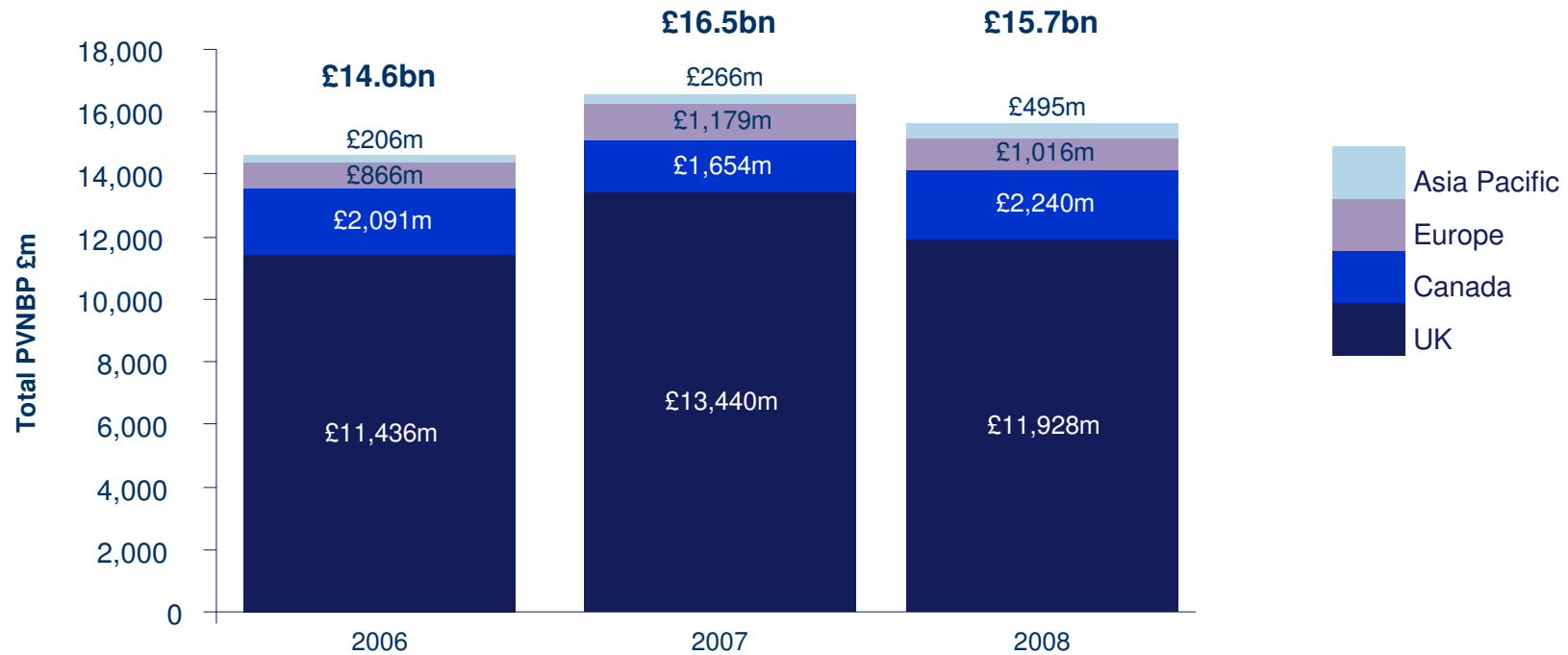


Net flow trends



Resilient net inflows in difficult markets

New business sales



2008 figures are different to those reported in the Q4 2008 new business press release as they now reflect closing assumptions.
 2007 PVNBP has been restated to reflect the inclusion of Sigma mutual funds.

New business sales supported by international performance

Group EEV operating profit



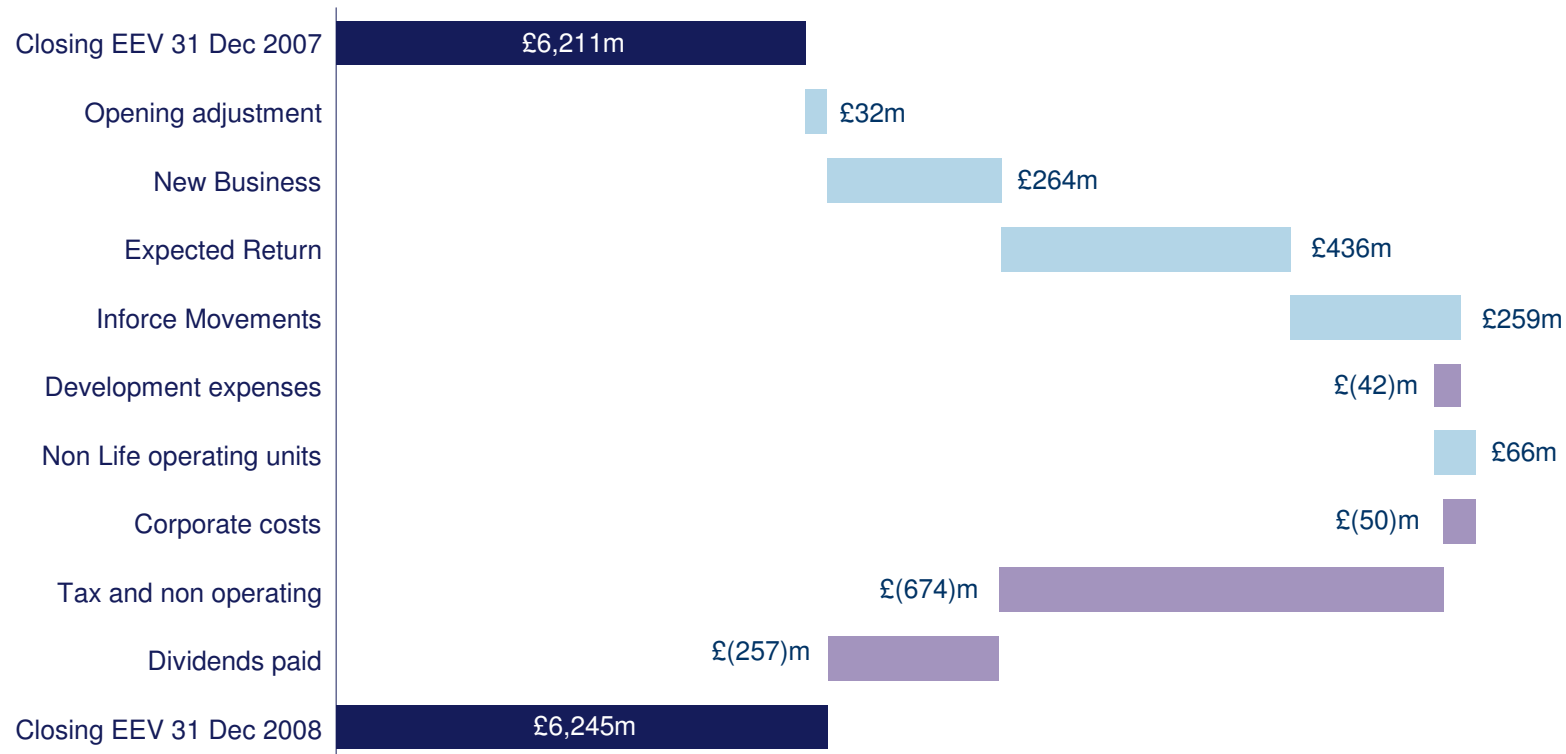
							FY 2008	FY 2007
	UK	Canada	Europe	Asia-	HWPF	Non	Total	Total
	£m	£m	£m	Pacific	TVOG	Covered	£m	£m
				£m	£m	£m		
Contribution from new business	212	34	18	-	-	-	264	345
Expected return on existing business	290	109	32	-	-	-	431	401
Return on free surplus	33	4	3	(35)	-	-	5	16
Core development expenses	(31)	(1)	(4)	-	-	-	(36)	(22)
Investment management	-	-	-	-	-	48	48	48
Banking	-	-	-	-	-	26	26	32
Healthcare	-	-	-	-	-	11	11	13
Group Corporate Centre costs	-	-	-	-	-	(50)	(50)	(57)
Other - non-covered	-	-	-	-	-	(14)	(14)	15
Core	504	146	49	(35)	-	21	685	791
Efficiency	26	31	7	-	-	-	64	109
Back book	127	38	13	-	11	(5)	184	(19)
Operating profit before tax	657	215	69	(35)	11	16	933	881

Group EEV profit



	FY 2008	FY 2007
	£m	£m
EEV operating profit before tax	933	881
Non-operating items		
Long-term investment return and tax variances	(849)	(17)
Effect of economic assumption changes	48	27
Volatility arising on different asset and liability valuation bases	(109)	(39)
Restructuring and corporate transaction expenses	(72)	(31)
Consolidation adjustment for different accounting bases	(58)	-
Other non-operating	(51)	17
(Loss)/profit before tax	(158)	838
Attributed tax	24	(251)
EEV (loss)/profit after tax	(134)	587

Embedded value



Embedded value increased 1%

IFRS normalised and underlying profit



	2008 £m	2007 £m
Life and pensions		
UK	156	122
Canada	(73)	205
Europe	65	61
Other life	(35)	(12)
Total life and pensions	113	376
Investment management	93	83
Banking	26	32
Healthcare	11	13
Total non-life excluding corporate centre costs	130	128
Group corporate centre costs	(50)	(57)
Other	13	29
Total normalised underlying profit before tax	206	476
UK annuity reinsurance	105	-
Pension Sterling fund	(102)	-
Other adjustments	(55)	238
IFRS underlying profit before tax	154	714

IFRS total profit

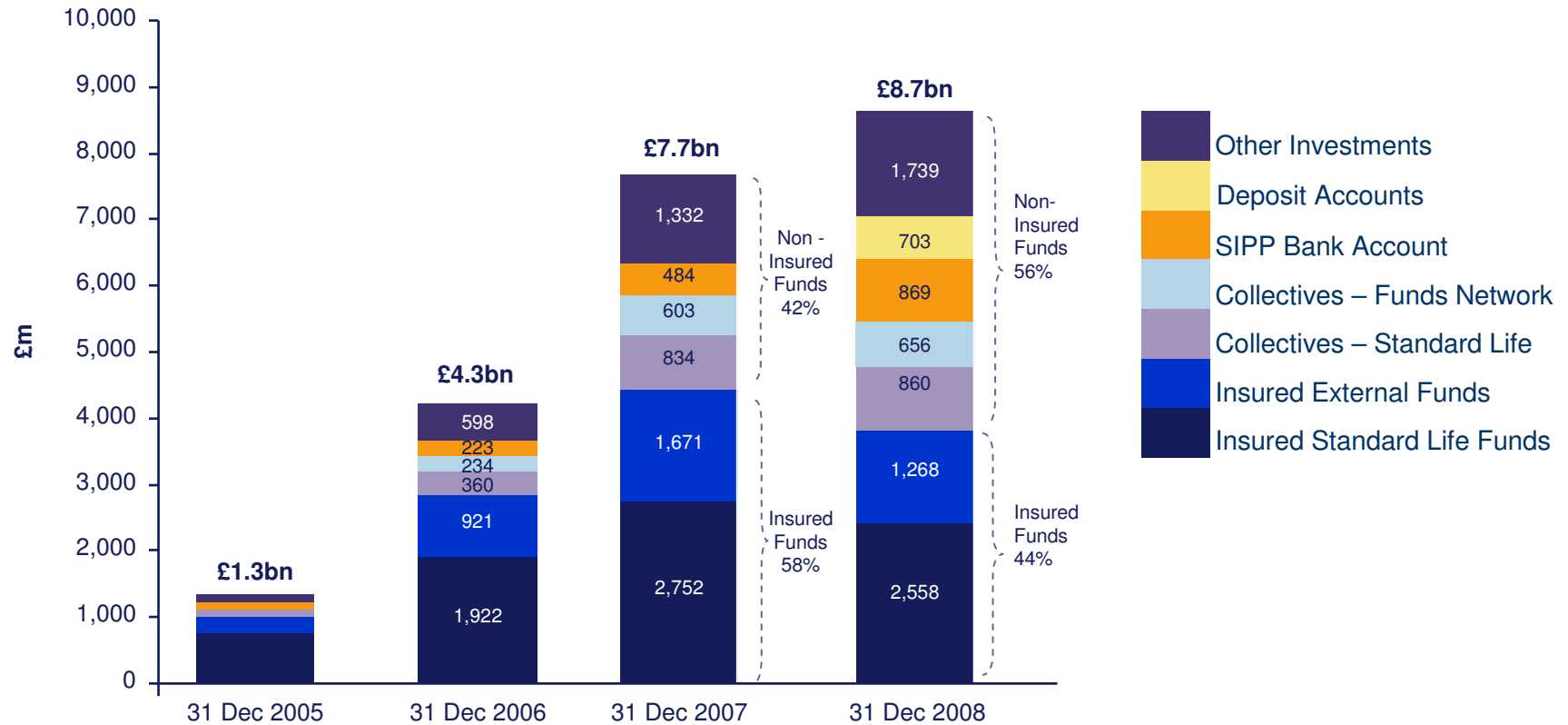


	2008 £m	2007 £m
IFRS underlying profit before tax	154	714
(Loss)/profit attributable to minority interest	(83)	111
Underlying profit before tax attributable to equity holders and adjustments	71	825
Adjusted for the following items:		
Volatility arising on different asset and liability valuation bases	(141)	(302)
Restructuring expenses	(72)	(31)
Profit on part disposal of associate	-	17
(Loss)/profit before tax attributable to equity holders' profits	(142)	509
Tax credit attributable to:		
Underlying profit	100	11
Non-operating items	59	56
Total profit after tax	17	576
Attributable to equity holders	100	465
Attributable to minority interest	(83)	111
	17	576

UK SIPP leadership



SIPP funds under administration

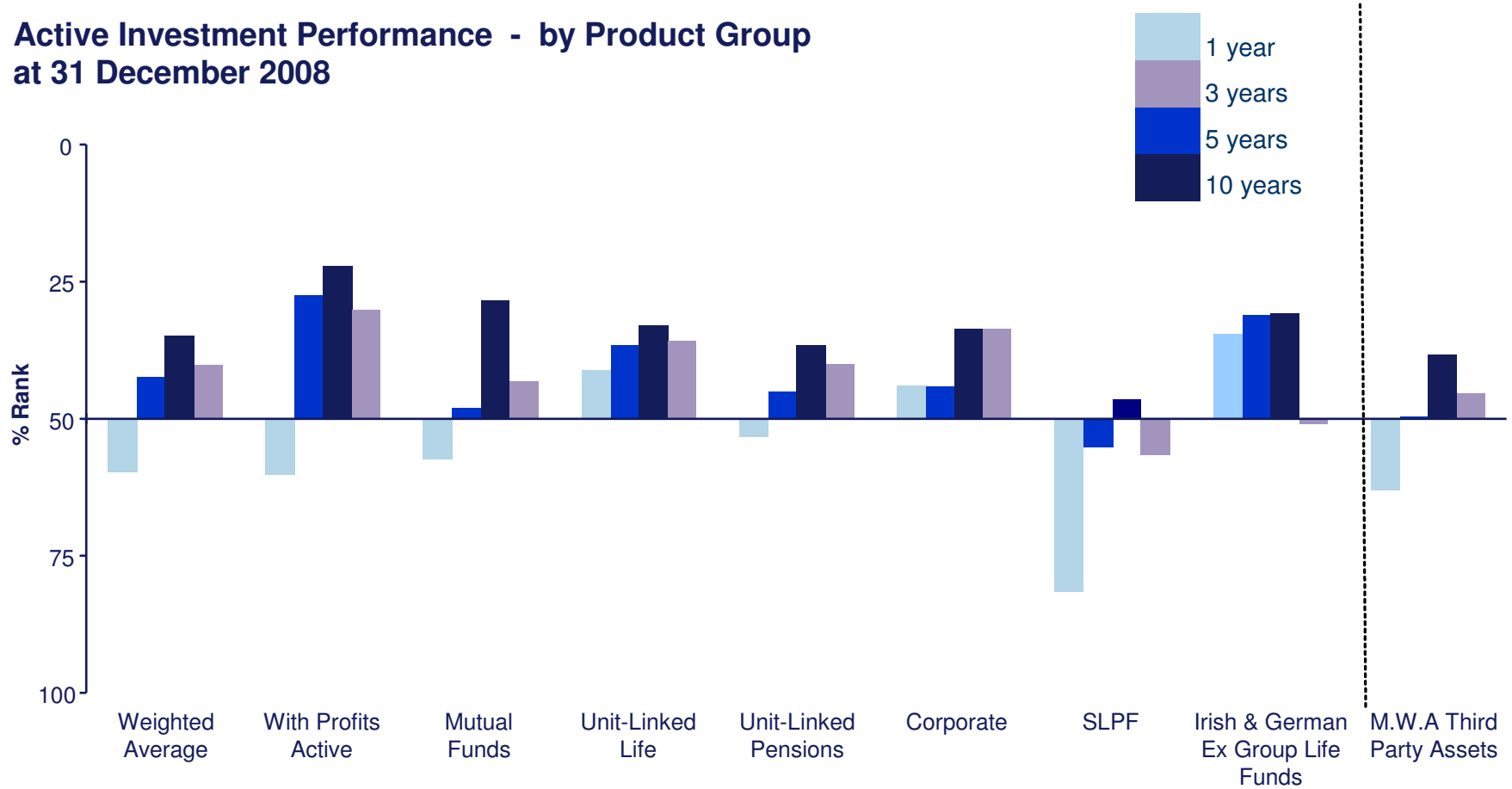


Sustained SIPP growth

Investment performance



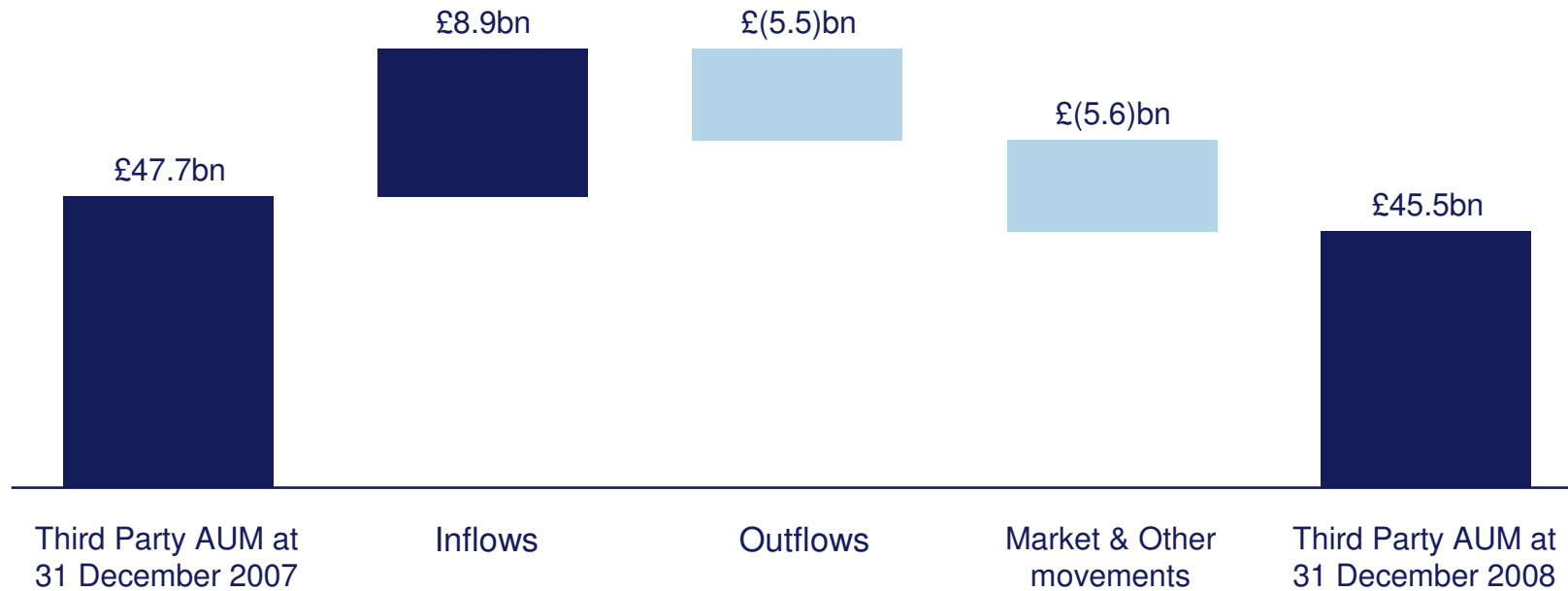
Active Investment Performance - by Product Group at 31 December 2008



Standard Life Investments



Third Party assets under management



Third Party AUM resilient in the face of substantial market falls

Financial Groups Directive Surplus

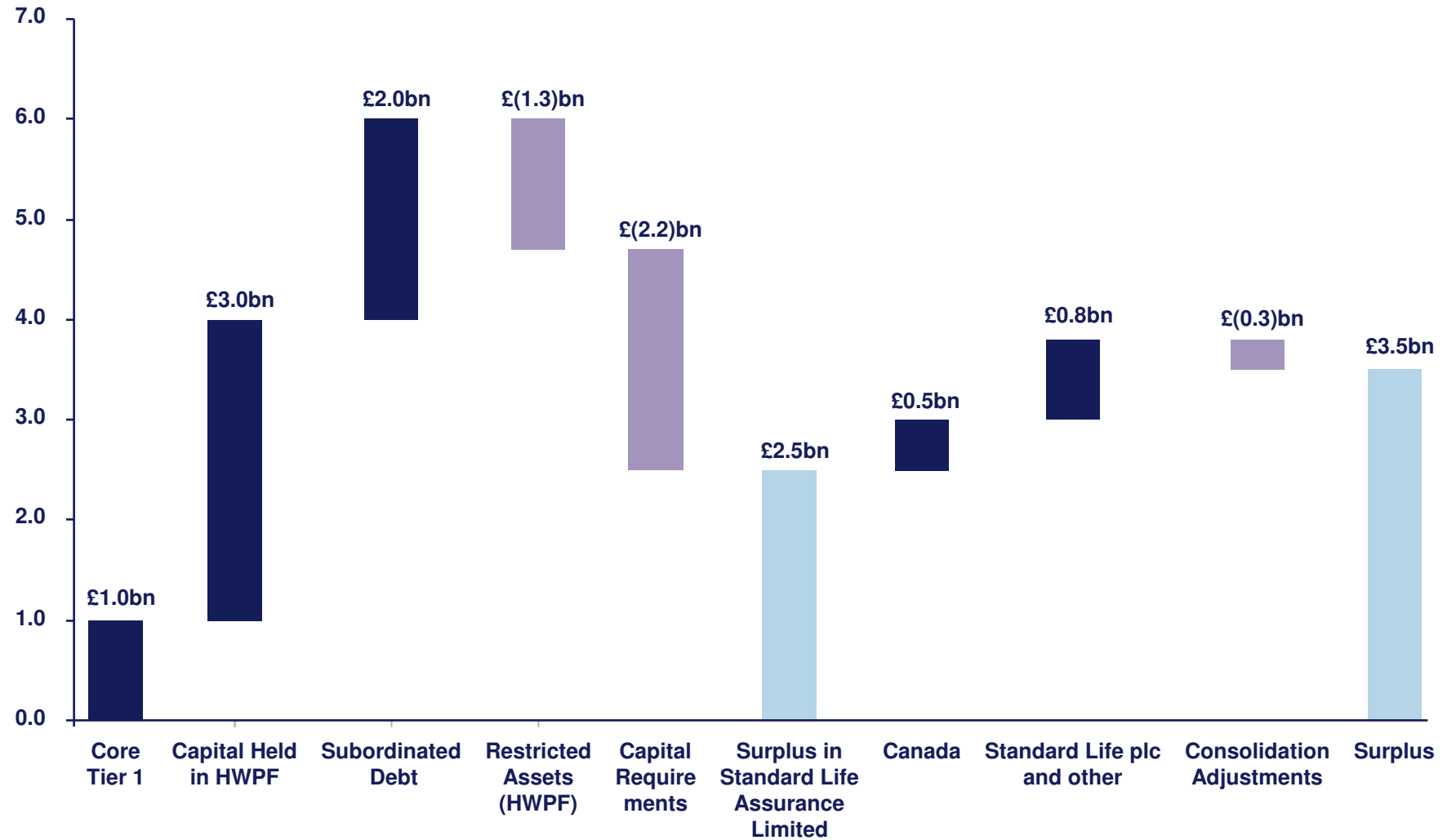


	Dec-08 £bn	Jun-08 £bn	Dec-07 £bn
Shareholders capital resources	2.6	2.6	2.9
Capital resources arising from subordinated debt	2.2	2.0	1.9
SLAL HWPF	1.7	2.1	4.4
FGD Group capital resources	6.5	6.7	9.2
FGD Group capital resources requirement	(3.0)	(3.2)	(5.6)
FGD surplus	3.5	3.5	3.6
Group solvency cover	218%	206%	166%

Credit rating for Standard Life Assurance Limited from Standard & Poors upgraded from A (positive) to A+ (stable), in part due to strength of capital position

Robust capital position maintained

FGD – sources of surplus



Exposure to assets – debt securities

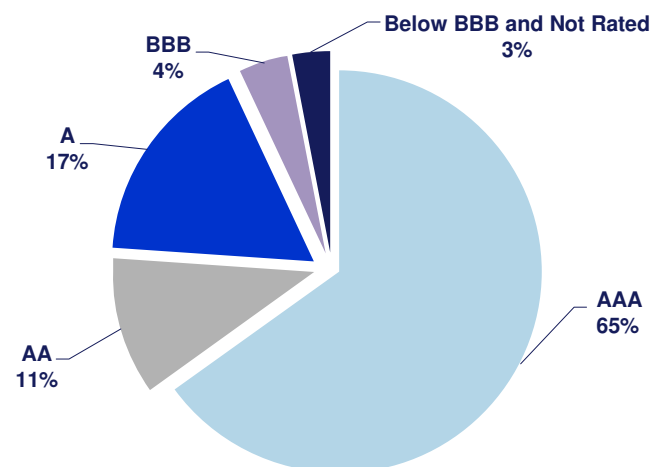


Exposure to debt securities

As at 31 December 2008	Shareholder £m	Policyholder Participating £m	Policyholder Unit Linked £m	Minority Interests ¹ £m	Total £m
Government	3,682	18,990	6,165	144	28,981
Corporate - financial institutions	2,331	6,870	5,432	211	14,844
Corporate - other	1,940	2,110	1,397	14	5,461
Other	319	910	448	4	1,681
Total	8,272	28,880	13,442	373	50,967
% of Total	16%	57%	26%	1%	100%

Asset Backed Securities included above	1,330	1,426	1,563	932	5,251
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High quality portfolio
65% AAA rated
97% investment grade



1) For Asset Backed Securities includes securities managed on behalf of third parties

Asset backed securities – total



Exposure by type and credit rating

As at 31 December 2008

ABS Type	AAA £m	AA £m	A £m	BBB £m	BB £m	B £m	Not Rated £m	Total £m
Total								
ABCP	-	-	-	-	-	-	-	-
Auto ABS	26	-	-	-	-	-	-	26
CMBS	1,003	355	394	316	-	1	141	2,210
Credit Card ABS	331	-	-	-	-	-	-	331
Other ABS	77	-	-	5	-	-	1	83
RMBS	1,756	49	2	48	-	-	-	1,855
SIV	15	15	-	-	-	6	-	36
WhCo	88	225	144	194	26	2	25	704
CDO	-	-	-	-	-	-	-	-
CSO	6	-	-	-	-	-	-	6
CLO	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	3,302	644	540	563	26	9	167	5,251
%	63%	12%	10%	11%	1%	0%	3%	100%

Asset backed securities – shareholder



Exposure by type and credit rating

As at 31 December 2008

ABS Type	AAA £m	AA £m	A £m	BBB £m	BB £m	B £m	Not Rated £m	Total £m
Shareholder								
ABCP	-	-	-	-	-	-	-	-
Auto ABS	17	-	-	-	-	-	-	17
CMBS	314	15	9	13	-	-	2	353
Credit Card ABS	195	-	-	-	-	-	-	195
Other ABS	39	-	-	5	-	-	-	44
RMBS	586	46	-	3	-	-	-	635
SIV	15	15	-	-	-	6	-	36
WhCo	-	-	11	36	-	-	3	50
CDO	-	-	-	-	-	-	-	-
CSO	-	-	-	-	-	-	-	-
CLO	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total Shareholder	1,166	76	20	57	-	6	5	1,330
%	88%	6%	1%	4%	0%	1%	0%	100%

Asset backed securities – policyholder (unit linked)



Exposure by type and credit rating

As at 31 December 2008

ABS Type	AAA £m	AA £m	A £m	BBB £m	BB £m	BNot Rated £m	£m	Total £m
Policyholder - Unit Linked								
ABCP	-	-	-	-	-	-	-	-
Auto ABS	9	-	-	-	-	-	-	9
CMBS	333	64	81	77	-	-	4	559
Credit Card ABS	67	-	-	-	-	-	-	67
Other ABS	9	-	-	-	-	-	-	9
RMBS	772	3	2	14	-	-	-	791
SIV	-	-	-	-	-	-	-	-
WhCo	3	50	21	42	10	-	2	128
CDO	-	-	-	-	-	-	-	-
CSO	-	-	-	-	-	-	-	-
CLO	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total Policyholder - Unit Linked	1,193	117	104	133	10	-	6	1,563
%	77%	7%	7%	8%	1%	0%	0%	100%

Asset backed securities – policyholder (participating)



Exposure by type and credit rating

As at 31 December 2008

ABS Type	AAA £m	AA £m	A £m	BBB £m	BB £m	B £m	Not Rated £m	Total £m
Policyholder - Participating								
ABCP	-	-	-	-	-	-	-	-
Auto ABS	-	-	-	-	-	-	-	-
CMBS	212	172	174	93	-	-	128	779
Credit Card ABS	52	-	-	-	-	-	-	52
Other ABS	11	-	-	-	-	-	1	12
RMBS	213	-	-	23	-	-	-	236
SIV	-	-	-	-	-	-	-	-
WhCo	79	117	91	30	4	2	18	341
CDO	-	-	-	-	-	-	-	-
CSO	6	-	-	-	-	-	-	6
CLO	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total Policyholder – Participating	573	289	265	146	4	2	147	1,426
%	40%	20%	19%	10%	0%	0%	11%	100%

Asset backed securities – third party



Exposure by type and credit rating

As at 31 December 2008

ABS Type	AAA £m	AA £m	A £m	BBB £m	BB £m	B Not Rated £m	£m	Total £m
Third Party								
ABCP	-	-	-	-	-	-	-	-
Auto ABS	-	-	-	-	-	-	-	-
CMBS	144	104	130	133	-	1	7	519
Credit Card ABS	17	-	-	-	-	-	-	17
Other ABS	18	-	-	-	-	-	-	18
RMBS	185	-	-	8	-	-	-	193
SIV	-	-	-	-	-	-	-	-
WhCo	6	58	21	86	12	-	2	185
CDO	-	-	-	-	-	-	-	-
CSO	-	-	-	-	-	-	-	-
CLO	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total Third Party	370	162	151	227	12	1	9	932
%	40%	18%	16%	24%	1%	0%	1%	100%