



2006 Quarter 1 New Business Announcement 3 May 2006

Business continues to show momentum following strategic re-positioning

- UK Life and Pensions Annual Premium Equivalent (APE) increased 13% to £263m (2005: £232m)
- Worldwide insurance APE grew by 7% to £342m (2005: £320m)
- Worldwide single premium insurance sales increased by 48% to £1,851m (2005: £1,247m)
- Worldwide gross investment sales up 141% to £2,451m (2005: £1,019m)
- Standard Life Investments total funds under management rose by £6bn in the quarter to £124.8bn (31 December 2005: £118.8bn)

First Quarter 2006 Overview

UK Life and Pensions APE sales increased by 13%, with particularly strong performances from Self Invested Personal Pensions (SIPP), Investment Bonds, Trustee Investment Pension Plans (TIPP) and Personal Pension Investment Plans (PPIP), demonstrating the Company's focus on investment-driven single premium business. Worldwide insurance APE sales increased by 7% reflecting an expected decline in sales in Germany, which was partially offset by steady group savings and retirement sales in Canada and strong sales in Ireland. Standard Life Investments (SLI) delivered another record quarter with gross investment sales of £2,451m. Total SLI funds under management now stand at just under £125bn, with third party funds of £31.2bn constituting 25% of the total.

Group Chief Executive, Sandy Crombie, commented:

"Standard Life has made a strong start to 2006. The results for the first quarter demonstrate the success of our re-positioning. We made a decision to change our business mix, particularly within UK Life and Pensions, to place emphasis on writing investment-driven single premium business and products with lower new business strain. With APE from single premium insurance sales increasing by 52%, our UK Life and Pensions business continues to show momentum. Coupled with the excellent progress at Standard Life Investments, the group is well positioned for the coming year."

Life and Pensions UK and Europe

UK Life and Pensions APE sales increased by 13% to £263m (2005: £232m). Single premium sales rose by 52% to £1,504m boosted by excellent performances in SIPP, Investment Bonds, TIPP and PPIP. Collectively these product areas generated sales in the UK of £1,115m accounting for 46% of UK Life and Pensions APE in the quarter. New regular premium sales decreased by 14% following the changes to the commission structures of our pensions business in December 2004.

The Company's award winning SIPP contract continues to sell well. First quarter SIPP single premiums increased by 79% to £341m and new regular premiums by 400% to £10m, giving SIPP APE sales for the quarter of £44m, an increase of 110% on Q1 2005. We further strengthened our investment bond proposition with enhancements to our onshore bonds and the launch of the International Bond. Total onshore investment bond single premium sales increased by 166% from £160m to £425m. TIPP and PPIP sales benefited from Standard Life's continuing strong investment performance and increased by 93% to £349m.

Group Pensions APE sales declined by 20% to £97m as the Company continued to target other more profitable business. The impact of this reduction was mitigated by the successful launch of our Group SIPP product, which offers some innovative commission options which result in less new business strain. Individual pensions APE of £36m represented a decrease of 20% following the Company's reduction in initial commission rates on single charge pensions in late 2004.

Protection APE sales increased to £2m from £1m. We expect further improved performance in the sales of our protection products following the introduction in April of our Life Insurance with Tax Relief product, which is designed to take advantage of the changes resulting from A-day.

Annuity APE sales decreased by 44% to £5m (2005: £9m), reflecting, we believe, a reluctance from customers to purchase before A-day in addition to the high level of competition in this area and our continued focus on profitability.

Standard Life signed a number of strategic alliances in 2005, which are beginning to generate an encouraging contribution.

We will continue to enhance our product range, concentrating on profitable products. In the second half of the year we expect to complete the rollout of our Wrap platform, which we believe will be attractive to both intermediaries and customers.

APE sales for Standard Life Germany decreased by 71% to £10m (2005: £34m), following unusually high figures in the first quarter of 2005. This decrease resulted mainly from the overhang of sales from tax legislation changes in Germany which led to a sharp rise in demand for life products before the change became effective on 1 January 2005.

Standard Life Ireland had a strong first quarter with new business APE sales increasing by 67% to £10m following a re-positioning of the business. APE sales of single premium investment and pension products doubled and new regular premium sales rose by 33%.

Standard Life Investments

Standard Life Investments recorded its best ever first quarter. Worldwide investment sales for the first quarter rose to £2.5bn, an increase of 141% on the same period last year (2005: £1.0bn). UK sales reached £2.1bn, up by 134% (2005: £893m). The Company's UK mutual funds range also experienced its strongest quarter with inflows increasing 282% to £420m (2005: £110m), which compares favourably with an industry average of 63%.

The AAA Money Market Fund enjoyed a record quarter with net sales of £1.2bn significantly up on the first quarter 2005 sales figure of £56m.

Third party funds under management now total £31.2bn, an increase of more than £3bn over the last three months. Highlights for the period included the retention of a £310m commercial property portfolio for the South Yorkshire Pension Fund, a £225m Cheshire County Council mandate win, and a series of key appointments in Europe.

Standard Life Bank

In a competitive mortgage market, gross mortgage lending for the first quarter in 2006 fell by 4% to £596m compared with 2005 first quarter gross lending of £622m.

Standard Life Healthcare

First quarter new business sales for Standard Life Healthcare remain unchanged compared to the same period in 2005. Our focus on selling profitable business continues with the launch of the EspritHealth product in January 2006.

The acquisition of the private medical insurance (PMI) business of FirstAssist Insurance Services Limited was completed on 31 March 2006, taking Standard Life Healthcare's share of the PMI market to an estimated 8.5%, adding over 220,000 customers.

Canada

Total new insurance APE sales increased by 15% to £45m in the first quarter of 2006, a 1% decline in local currency. Single premiums increased by 28% to £281m, 11% in local currency. New regular premiums were flat. Group Savings and Retirement APE sales grew 60%, 35% in local currency, helped by several large contracts in the first three months of the year, which amounted to almost £9m in APE. Results were adversely impacted by lower individual insurance sales, due to the re-pricing of our main universal life product and lower group insurance sales, driven by limited quote activity in the larger case market.

Mutual funds had a strong quarter, led by a good Registered Retirement Savings Plan season. Gross sales benefited from buoyant equity markets, successful wholesaling efforts and a diverse product portfolio. Canada increased gross mutual fund sales by 50% (31% in local currency) to £111m in 2006 (2005: £74m), compared to an industry average of 6%.

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Notes to Editors

1. Annual Premium Equivalent (APE) sales comprise new regular premium sales plus 10% of single premiums.
2. All financial information in this release is unaudited.
3. Insurance new business and Investment gross sales for overseas operations are calculated using average exchange rates. The principal average exchange rates as at 31 March 2006 are £1:C\$2.01 (31 March 2005 £1:C\$2.32) and £1:Euro 1.46 (2005 £1:Euro 1.44). Funds under management are calculated using the closing exchange rate as at period end. The principal closing exchange rates used as at 31 March 2006 are £1:C\$2.02 (31 December 2005 £1:C\$2.01) and £1:Euro 1.43 (31 December 2005 £1:Euro 1.46).
4. TIPP is a Trustee Investment Plan designed to meet the needs of Trustees of exempt approved occupational pension schemes (defined benefit, defined contribution and SSAS schemes).
5. PPIP is a Personal Pension Investment Plan. It is a version of TIPP available to managers of Self Invested Personal Pensions (SIPP) that are administered externally to Standard Life.
6. The insurance operations new business shown within the attached tables includes certain products which do not fall within the scope of "insurance contracts" as defined by IFRS4 "Insurance Contracts" as they do not contain sufficient insurance risk. However, the classification of products into investment or insurance operations is consistent with previous new business reports and is in accordance with FSA recognition rules for insurance business.
7. All comparators are with the first quarter of 2005 unless otherwise stated.
8. Present Value of New Business Premium (PVNBP) data for the first quarter of 2006 is planned to be released at the end of May 2006. PVNBP represents total single premiums plus the discounted value of regular premiums expected to be received over the term of the new regular premium contracts.

The Standard Life Assurance Company New Business
3 month period ended 31 March 2006
Insurance Products

	Single Premiums			New Regular Premiums			APE			
	3 Months to 31 March 2006	3 Months to 31 March 2005	% Change	3 Months to 31 March 2006	3 Months to 31 March 2005	% Change	3 Months to 31 March 2006	3 Months to 31 March 2005	% Change	% Change in local currency
	£m	£m		£m	£m		£m	£m		
UK Life and Pensions	1,504	988	52%	114	133	-14%	263	232	13%	13%
SL Healthcare	0	0	0%	5	5	0%	5	5	0%	0%
Canada	281	220	28%	18	18	0%	45	39	15%	-1%
International	66	39	69%	21	40	-48%	29	44	-34%	-34%
Total Worldwide Insurance	1,851	1,247	48%	158	196	-19%	342	320	7%	5%

Investment Products

	Gross Sales		
	3 Months to 31 March 2006	3 Months to 31 March 2005	% Change
	£m	£m	
UK ^(a)	2,091	893	134%
Canada	149	129	16%
International ^(a)	211	-3	7133%
Total Worldwide Investment	2,451	1,019	141%

Banking

	3 Months to 31 March 2006	3 Months to 31 March 2005	% Change
	£m	£m	
Gross Mortgage Lending	596	622	-4%

(a) Due to the nature of the Indian investment sales market, Indian new business is shown as net of sales less redemptions. The Triple A fund within UK Investment sales is calculated using average net client balances.

Annual Premium Equivalent (APE) is the industry standard for measuring new business income and represents all regular premiums and 10% of single premiums.

The Standard Life Assurance Company* is a mutual company registered in Scotland (no SZ4) Head Office Standard Life House 30 Lothian Road Edinburgh EH1 2DH Tel (0131) 225 2552. Standard Life may record and monitor telephone calls to help improve customer service.

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The Standard Life group includes Standard Life Pension Funds Limited* SLTM Limited* Standard Life Investments (Mutual Funds) Limited*

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Insurance Operations New Business
3 month period ended 31 March 2006

Analysed by geographical region	Single Premiums			New Regular Premiums			Annual Premium Equivalents (APE)			
	3 Months to 31 March 2006 £m	3 Months to 31 March 2005 £m	% Change	3 Months to 31 March 2006 £m	3 Months to 31 March 2005 £m	% Change	3 Months to 31 March 2006 £m	3 Months to 31 March 2005 £m	% Change	% Change in local currency
UK										
Individual Pensions	233	253	-8%	13	20	-35%	36	45	-20%	-20%
SIPP & Drawdown	341	191	79%	10	2	400%	44	21	110%	110%
Group Pensions	92	109	-16%	88	110	-20%	97	121	-20%	-20%
Investment (TIPP and PPIP)	349	181	93%	0	0	0%	35	18	94%	94%
Investments Bonds	425	160	166%	0	0	0%	42	16	163%	163%
Offshore Bond	8	0	N/A	0	0	0%	1	0	N/A	N/A
Annuities	53	93	-43%	0	0	0%	5	9	-44%	-44%
Protection	0	0	0%	2	1	100%	2	1	100%	100%
Other	3	1	200%	1	0	N/A	1	1	0%	0%
Life and Pensions	1,504	988	52%	114	133	-14%	263	232	13%	13%
SL Healthcare	0	0	0%	5	5	0%	5	5	0%	0%
UK Insurance	1,504	988	52%	119	138	-14%	268	237	13%	13%
Canada^(a)										
Group savings and retirement	145	96	51%	10	6	67%	24	15	60%	35%
Individual insurance, savings & retirement	136	124	10%	4	5	-20%	17	17	0%	-14%
Group insurance	0	0	0%	4	7	-43%	4	7	-43%	-50%
Canadian Insurance	281	220	28%	18	18	0%	45	39	15%	-1%
International (Excluding Canada)^(c)										
Republic of Ireland	53	26	104%	4	3	33%	10	6	67%	72%
Germany	8	8	0%	9	34	-74%	10	34	-71%	-70%
Spain	0	4	-100%	0	0	0%	0	1	-100%	-100%
India ^(b)	2	1	100%	8	3	167%	8	3	167%	154%
China ^(b)	3	0	N/A	0	0	0%	1	0	N/A	N/A
International (Excluding Canada) Insurance	66	39	69%	21	40	-48%	29	44	-34%	-34%
Total Worldwide Insurance	1,851	1,247	48%	158	196	-19%	342	320	7%	5%

(a) Canadian new business is now shown based on the product categories used by Canadian management. 'Group savings and retirements' was previously shown as 'Group Annuities'; 'Individual insurance, savings and retirement' was previously shown as 'Individual annuities' together with 'Insurance' and 'Group Insurance' was previously shown as 'Health and disability'.

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

(c) New business from Hong Kong and Spanish general insurance operations are no longer shown as the amounts are not material.

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Investment Operations
12 month period ended 31 March 2006

Analysed by geographical region		Opening FUM 01/01/2006 £m	Gross Sales £m	Redemptions £m	Net Inflows £m	Market & other movements £m	Net Movement in FUM £m	Closing FUM 31/03/2006 £m
UK	Mutual Funds	2,862	420 ^(d)	(87)	333	153	486	3,348
	Private Equity	1,580	143	(18)	125	35	160	1,740
	Segregated Funds	5,915	295 ^(e)	(33)	262	408	670	6,585
	Pooled Property Funds	438	27 ^(e)	0	27	23	50	488
	Triple A	4,421	1,206 ^(a)	0	1,206	(590)	616	5,037
Total UK		15,216	2,091	(138)	1,953	29	1,982	17,198
Canada	Mutual Funds	1,019	111 ^(e)	(39)	72	43	115	1,134
	Investment Counselling	976	38	(17)	21	51	72	1,048
Total Canada		1,995	149	(56)	93	94	187	2,182
International	Europe	29	6	0	6	1	7	36
	Hong Kong	175	0	0	0	13	13	188
	India	1,137	205 ^(b)	0	205	49	254	1,391
Total International		1,341	211	0	211	63	274	1,615
Total Worldwide Investment Products		18,552	2,451	(194)	2,257	186	2,443	20,995

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.

	Standard Life Investments						Closing FUM 31/03/2006 £m
	Opening FUM 01/01/2006 £m	Gross inflows £m	Redemptions £m	Net Inflows £m	Market & other movements £m	Net Movement in FUM £m	
Investment Products	18,552	2,451	(194)	2,257	186	2,443	20,995
Third party insurance contracts (new business classified as insurance products)	9,577	462	(272)	190	410	600	10,177
Third party funds under management	28,129	2,913	(466)	2,447	596	3,043	31,172
Standard Life Investments – total funds under management	118,842						124,835

- (a) Due to the nature of the Triple A fund the inflows 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. Triple A sales were £56m in the 3 months to 31 March 2005.
- (b) As a result of the sales market volatility in India, Investment sales are shown as net of sales less redemptions.
- (c) Institutional sales comprise Segregated and Pooled Property Fund sales. Total institutional sales were £596m in the 3 months to 31 March 2005.
- (d) UK Mutual Fund sales were £110m in the 3 months to 31 March 2005.
- (e) Canadian Mutual Fund sales were £74m in the 3 months to 31 March 2005.

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