

For immediate release

With-profits bonus announcement

29 January 2008

As a result of this bonus declaration there will be an increase in values and payouts across all types of with-profits plans. In summary:

- Year on year increases in payout values across all types of with-profits plans
- An estimated £800 million of bonuses to be added to with-profits plans
- Annual bonus rates maintained or increased for unitised with-profits plans
- Further reduction in the number of plans subject to Market Value Adjustments
- MVA free income levels increased for With Profits Bonds
- Continued distribution of Inherited Estate through enhanced payouts

Jim Black, Actuarial Director, Standard Life Assurance Limited, said:

“2007 has been a difficult year for financial markets, particularly over the second half as the global credit crisis began to take hold. In spite of this volatile background, payout values for all types of with-profits plans have increased over the last year. This demonstrates the benefits of being invested in with-profits which, through the smoothing of investment returns, can help to shield customers from the worst impact of short-term market upheaval. With-profits customers are also benefiting from continued distributions from the Inherited Estate in the form of enhanced payouts for those plans which are eligible. Consequently, all types of with-profits plans have benefited from positive returns during 2007. For example, maturing endowment plans achieved an average investment return of 10% over the past year.”

Sample with-profits payouts

A 20-year savings endowment plan taken out by a man aged 29 for £50 per month would have grown in value from £19,957 on 1 February 2007 to a maturity value today of £22,724.

A 20-year individual pension plan taken out by a man retiring at age 65 for £200 per month would have grown in value from £81,907 on 1 February 2007 to a retirement value today of £92,735.

An investment of £10,000 in a With Profits Bond on 1 February 2003 would have grown in value from £14,099 on 1 February 2007 to a cash-in value today of £15,833.

The figures shown refer to the past. Past performance is not a reliable guide to future performance. Further information regarding this announcement is contained in the notes attached to this press release.

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With-profits bonus announcement: further information

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1. Market overview

The second half of 2007 was a turbulent period for credit and equity markets. Many stock markets set new all-time highs in early July but the developed markets then retreated sharply until late in September. The major central banks had to repeatedly inject cash to prevent a liquidity crunch as a host of financial institutions worldwide declared significant losses. The major stock markets in developed economies fell slightly while emerging markets held their own.

UK equities fell as investors sought to insulate themselves from fallout caused by problems in the US sub-prime mortgage market and the global credit crisis. As the extent of the liquidity crisis became clear, the Bank of England was forced to provide extra funding to the money markets and reduced its lending rate by 0.25% to 5.5% in December. US equity investors also endured a volatile time, after the crisis in the US mortgage market threatened to undermine the wider US economy.

European equities posted modest gains, although concerns over the health of the US economy affected investors in European companies reliant on US consumers. Stock markets across Asia performed relatively well in a global context, with stand out performances from China and Hong Kong, and a rally from Australia towards the end of September. Although the US mortgage crisis affected some Asian banks, investors seemed reassured that the local Asian economies were more robust than in previous financial crises.

Corporate bond markets performed poorly as the global credit crisis caused liquidity in the market to disappear while UK commercial property endured a tough time, as returns moderated from the strong gains seen in the past.

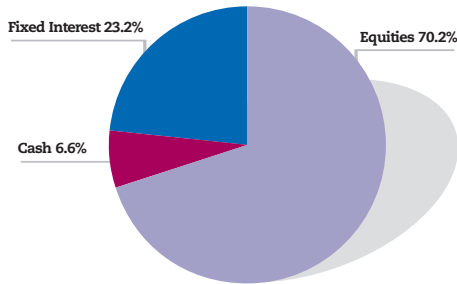
2. With-profits investment strategy

Standard Life's investment strategy for our with-profits business aims to achieve competitive returns, whilst still maintaining an appropriate level of financial strength and meeting all contractual obligations to policyholders.

As part of our ongoing commitment to with-profits, we regularly review the asset mixes that back our with-profits business, taking into account the characteristics of the liabilities including guarantees, strength of fund and any changes in current and expected future market conditions.

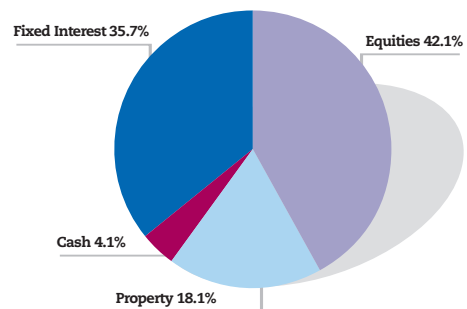
There are currently seven different asset mixes for Standard Life with-profits business reflecting the nature of any investment guarantees. As at 31 December 2007 the asset mixes were as follows. Also shown is the gross investment return on each of the asset mixes.

Stakeholder With Profits Pensions



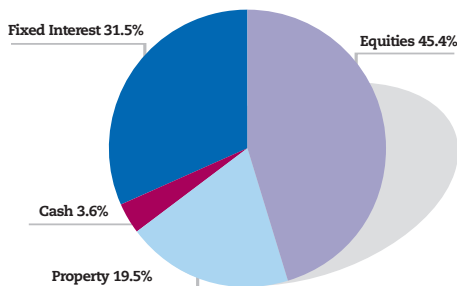
Gross investment return: 6.6% (Year to 31/12/2007)

Unitised Life and Pensions, excluding Stakeholder Pensions, Inflation Plus and those Unitised Life and Pension Funds covered below



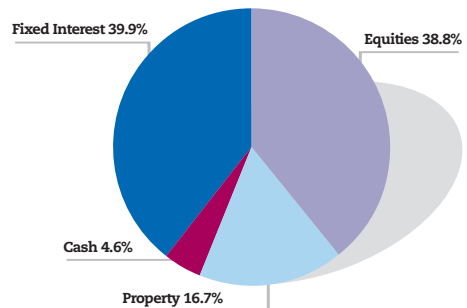
Gross investment return: 5.6% (Year to 31/12/2007)

With Profits Bonds



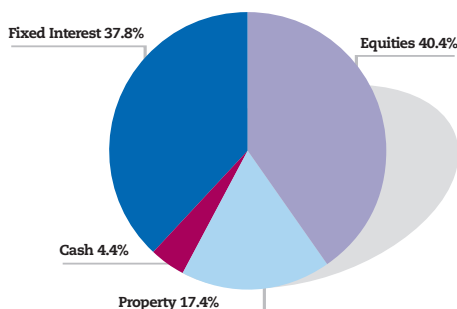
Gross investment return: 5.7% (Year to 31/12/2007)

Conventional Life and Pensions With Profits Plans and Mortgage Endowments



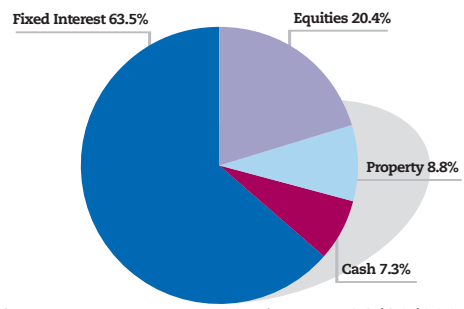
Gross investment return: 5.5% (Year to 31/12/2007)

With Profits Pension Annuities



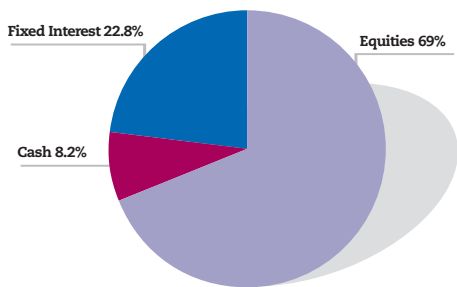
Gross investment return: 5.5% (Year to 31/12/2007)

Unitised Life Plans with a minimum unit price growth rate of 3% a year and Unitised Pension Plans with a minimum unit price growth rate of 4% a year



Gross investment return: 5.3% (Year to 31/12/2007)

UK Smoothed Managed Stakeholder Pensions



Gross investment return: 6.7% (Year to 31/12/2007)

3. Distribution of Inherited Estate

The main purpose of the Inherited Estate is to meet any unforeseen liabilities of the Heritage With Profits Fund. On 31 July 2007 we began to make distributions from the Inherited Estate by enhancing with-profits payouts for eligible plans. Following the review for the 29 January 2008 bonus declaration we are continuing to make these distributions.

As a result, payouts on many with-profits plans include an enhancement. By payouts we mean:

- With-profits maturity and retirement payouts
- With-profits surrender and transfer payouts
- Amounts switched out of with-profits units
- Income withdrawals from With Profits Bonds
- With Profits Pension Annuity payments
- With-profits death payouts

Eligible plans are those which began investing (at least partly) in with-profits before demutualisation on 10 July 2006 and have remained in with-profits since then.

Shareholders will not benefit from any Inherited Estate enhancements (except through payouts on any with-profits plans that they hold). Unlike some other companies, we do not give any of the investment returns earned by our with-profits fund to shareholders.

4. Bonus changes

Standard Life regularly reviews bonus rates and payouts on its with-profits business to ensure that its with-profits customers are receiving a fair return on their plans. At this review we have made some changes to annual bonus rates and payouts.

Annual bonus rates

Unitised with-profits

Bonus growth rates increase to 2.5% p.a. (previously 2.0%) for With Profits Bonds and to 2.0% p.a. (previously 1.5%) for other life plans not subject to a 3% unit price growth guarantee. Where the 3% guarantee applies, unit prices will continue to grow at 3% p.a.

Bonus growth rates for unitised with-profits pension plans increase to 2.5% p.a. (previously 2% p.a.) except where a 4% unit price growth guarantee applies. Where the 4% guarantee applies, unit prices will continue to grow at 4% p.a.

Conventional plans

Annual bonuses on conventional with-profits plans have been added at the same rates as last year.

Life	0.25% on sum assured and 0.5% on attaching bonuses.
Pensions	0.25% on sum assured and 0.25% on attaching bonuses (personal pension and executive pension plans).

5. Payouts

As the result of today's bonus announcement all types of with-profits plans have grown in value since February 2007. For customers with plans reaching maturity or retirement, payouts will be greater than the value of their plans a year ago (see below). Customers who have With Profits Bonds (a whole of life investment with no maturity date) will also have seen good returns. In addition, MVA free income levels from With Profits Bonds will increase from 2% to 2.5%.

Sample payouts

The following table shows, for sample with-profits pension plans, the plan value at 1 February 2007, the retirement value at 29 January 2008 and the return over the year, i.e. the annualised return on both the 1 February 2007 plan value and the payments made from 1 February 2007. The figures are based on an individual unitised with-profits pension plan taken out by a man retiring at age 65 paying £200 per month. The figures shown refer to the past. Past performance is not a reliable guide to future performance.

Pensions

Plan term	Plan value at 01/02/07	Total payments since 01/02/07	Retirement value today (29/01/08)	Amount of Inherited Estate included in retirement value	Return over year
10 year	£24,981	£2,400	£31,637	£127	16.2%
15 year	£46,662	£2,400	£55,031	£289	12.5%
20 year	£81,907	£2,400	£92,735	£473	10.1%

The following table shows, for sample with-profits savings endowment plans, the plan value at 1 February 2007, the maturity value at 29 January 2008 and the return over the year. The figures are based on an individual conventional with-profits endowment assurance plan taken out by a man aged 29 paying £50 per month. The figures shown refer to the past. Past performance is not a reliable guide to future performance.

Savings endowments

Plan term	Plan value at 01/02/07	Total payments since 01/02/07	Maturity value today (29/01/08)	Amount of Inherited Estate included in maturity value	Return over year
10 year	£5,874	£600	£6,983	£43	8.2%
15 year	£10,755	£600	£12,524	£78	10.6%
20 year	£19,957	£600	£22,724	£154	10.7%
25 year	£34,183	£600	£38,970	£296	12.1%

The following table shows, for sample with-profits mortgage endowment plans, the plan value at 1 February 2007, the maturity value at 29 January 2008 and the return over the year. The figures are based on an individual with-profits conventional mortgage endowment assurance plan taken out by a man aged 29 paying £50 per month. The figures shown refer to the past. Past performance is not a reliable guide to future performance. Standard Life did not offer a conventional with-profits mortgage endowment after 1991 and so figures are only available for 20 year and 25 year plans.

Mortgage endowments

Plan term	Plan value at 01/02/07	Total payments since 01/02/07	Maturity value today (29/01/08)	Amount of Inherited Estate included in maturity value	Return over year
20 year	£19,581	£600	£22,296	£151	10.6%
25 year	£33,124	£600	£37,763	£287	12.1%

The following table shows, for sample With Profits Bonds, the cash-in-value at 1 February 2007 and at 29 January 2008 and the return over the year. The figures are based on an initial investment of £10,000. The figures shown refer to the past. Past performance is not a reliable guide to future performance.

With Profits Bonds

Date of investment	Cash-in value at 01/02/07	Cash-in value today (29/01/08)	Amount of Inherited Estate included in cash-in value today	Return over year
01/02/01	£10,370	£11,747	£70	13.3%
01/02/03	£14,099	£15,833	£93	12.3%
01/02/05	£11,351	£12,557	£73	10.6%

Please note: Standard Life did not offer a With Profits Bond prior to August 2000. The figures quoted for 1 February 2005 are based on a level option With Profits Bond.

6. How payouts compare

The following table shows how sample with-profits payouts as at 29 January 2008 compare with cash invested in the average UK building society over a similar period.

Type of plan	Term of plan	Amount invested	With profits payout at 29 January 2008	Average building society account
Pensions	20 years	£48,000 (£200 per month)	£92,735	£65,807*
Endowment	25 years	£15,000 (£50 per month)	£38,970	£22,509**
With Profits Bond	Started 1 Feb 2003 with no fixed term	£10,000 (single lump sum)	£15,833	£10,730**

*Gross amount payable (i.e. no tax deducted)

**Net of savings rate tax

Standard Life payouts are at 29 January 2008 and take account of this bonus declaration. Building society payouts are at 1 January 2008 and are based on average rates of interest on UK building society and ex-building society accounts with deposits of £2,500 or more (source: Morningstar). Generally, capital in a building society account is secure.

7. Unit price adjustments

For a variety of reasons, some customers decide to move their money out of with-profits. To protect customers who remain invested, Standard Life sometimes applies what is often referred to as a “market value adjustment” (or MVA) to the unit value of the plans of those customers who choose to leave. Standard Life does this by applying a Unit Price Adjustment (UPA) to reflect the difference between the face value of units allocated to a plan and the actual cash-in value. UPAs vary according to the type of plan and its payment history. There is currently no UPA on the following:

- Homeplan mortgage endowments
- Versatile Investment Plans
- With-Profits Bonds taken out after March 2001
- Regular payment pension investments in the with-profits fund that has a minimum unit price growth rate of 0%.
- Regular payment pension investments taken out before 16 November 1992 or after 15 November 2001 whatever with-profits fund they are invested in.

In addition, UPAs are being removed at this time for customers who move out of with-profits (for annuity purchase, income drawdown, transfer or switch), on or after their originally selected retirement date.

Where a UPA applies, most customers will still receive more than the total amount of payments into their plan.

8. Notes to editors

The Standard Life group is one of the largest life assurance and pensions providers in the UK. It currently has around seven million customers worldwide, of which just over two million are with-profits customers.

As at 30 September 2007, Standard Life Investments had total funds under management of £142.2 billion (unaudited).

Further information on Standard Life’s approach to bonus rates and payouts is explained in its Principles and Practices of Financial Management (PPFM). The full PPFM document and consumer friendly versions can be found at: www.standardlife.co.uk/withprofits

References in this press release to Standard Life are references to Standard Life Assurance Limited, a wholly owned subsidiary of Standard Life plc.