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Shareholder News

April 2013

Standard Life

2012 at a glance

Welcome to Shareholder News. It contains financial highlights, plus more information about what we did in 2012 and what we're planning for 2013. Find out more online at www.standardlife.com/reporting



Gerry Grimstone
Chairman

Delivering performance and value

It's great to be able to look back on another year and reflect on how our business has continued to grow – in reaching new markets, building on our reputation, and particularly in our performance. In 2012 we performed well again, which is reflected in an increased final dividend of 9.8p per share. This gives a total dividend of 14.7p per share for 2012.

In addition, I'm delighted to say we're recommending a special dividend of 12.8p per share, to be paid together with the final dividend. It's another sign that despite the challenging economic conditions, we're operating well and delivering for shareholders.

Last year, we did a significant amount of work across the Group to organise our business so that we can better serve the needs of our customers, many of whom are our shareholders. Customers are the reason we exist so we have focused on understanding their needs, and how best we can give them the right types of services and information. You can find out more about our efforts to do the right thing for our customers and wider society inside this issue of Shareholder News.

Standard Life has come a long way since demutualisation, particularly in the last three years. My thanks go to our people for their hard work and determination to change the business for the better, and to you, our shareholders, for your continued support.

A handwritten signature in black ink that reads "Gerry Grimstone". The signature is written in a cursive, slightly slanted style.

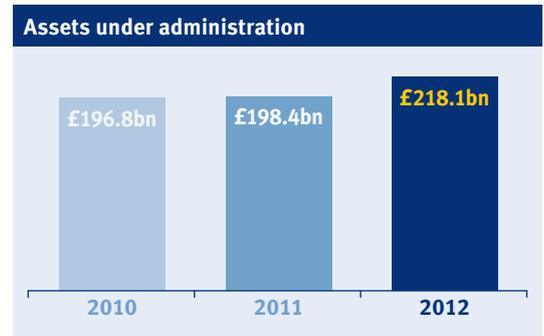
Gerry Grimstone

Financial highlights

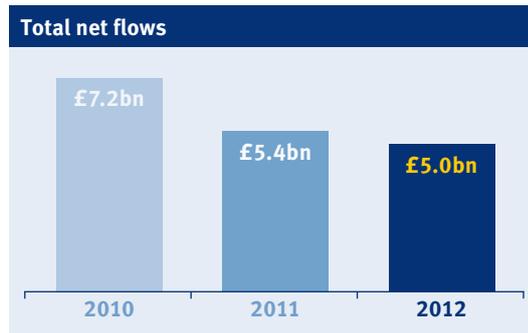
Here are some of our financial highlights. Read more in our Annual Report and Accounts 2012 available at www.standardlife.com/reporting



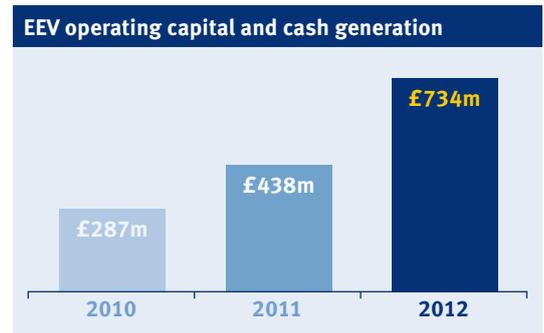
Group operating profit before tax is a measure of our ability to deliver long-term returns for our shareholders and provides an indication of our dividend paying capability. Profitability increased by 65% to £900m.



As a long-term savings and investments business, **AUA** is a key driver of income and therefore shareholder value. AUA was up 10% to £218.1bn.



Total net flows represent our customers' premiums and deposits less the redemptions that they make. Positive net flows are key to growing AUA. Total net flows decreased by 7% to £5.0bn, remaining resilient against a backdrop of subdued consumer sentiment and ongoing economic uncertainty.



EEV operating capital and cash generation reflects our ability to generate capital and cash. This enables further investment in the business and the payment of dividends to our shareholders. This increased by 68% to £734m.



EEV operating profit before tax measures our ability to effectively manage our existing book of business and to write profitable new business. EEV profitability increased by 13% to £1,116m.



▶ **AUA**
Assets under administration

▶ **EEV**
European Embedded Value

For explanations of more financial terms see the glossary in our Annual Report and Accounts 2012.

Creating a platform for success

We delivered a strong set of results for 2012, which reflects the progress we have made in transforming Standard Life over the past three years. The significant increases in our profitability and cash flow are positive indicators that our strategy is working and continuing to deliver value for our shareholders.



David Nish
Chief Executive

Across the Group there have been some great achievements during the year. Standard Life Investments has continued to build its reputation as a world-class fund manager – in particular the success of its alliance with John Hancock, one of the best-known financial brands in the US. The John Hancock GARS Fund was launched at the end of 2011, and by the end of last year had grown to around US \$1.7 billion in assets and earned a place in the ‘rookie funds of the year’ list compiled by the Wall Street Journal. We also announced a significant fund distribution deal with the Royal Bank of Scotland in the UK.

To build our presence in Asia, we opened a new branch in Singapore. This area is one of the biggest growth markets in the world and, by expanding our reach into this area, we aim to make the most of the growth potential it offers. And our business in Canada continued to perform well with a new management team in place.

I believe our brand and our people are two of the Group’s greatest assets. The Standard Life name has been built on a reputation for innovation, expertise and delivering products and services designed to meet our customers’ needs. And our people, through their continued hard work, uphold that reputation with our customers. The markets that we operate in remained challenging, but our brand and our people have played their part in delivering strong financial results.

A lot of change has taken place at Standard Life since 2010. We have transformed how we operate and created a platform that allows us to continue delivering the products and services our customers need. We are well positioned to make the most of the opportunities that lie ahead for us.

A handwritten signature in black ink, appearing to read 'D Nish', with a long horizontal flourish underneath.

David Nish

Looking out for shareholders – the role of the Board committees

One of the Board's duties is to make sure Standard Life is being run for the benefit of shareholders. To support the Directors in their decision-making, there are several Board committees. Each committee is headed up by a non-executive Director and looks at specific areas of the Board's responsibilities, reporting back with recommendations and information.

See below for the Directors who head up these committees, and a brief summary of each committee's key activities.



Gerry Grimstone

Gerry chairs two committees. The Nomination and Governance Committee supports the processes to appoint new members of the executive team and the Board. It also looks after the Group's corporate governance framework and how it is implemented. The Corporate Responsibility Committee supports the Board's role in providing leadership on environmental and community investment issues, and provides guidance on the Group's sustainability programme.



Crawford Gillies

Crawford chairs the Remuneration Committee. It's responsible for agreeing the way the members of the Group's executive team are rewarded and their pay levels.

Noel Harwerth

Noel chairs the Risk and Capital Committee, which monitors the Group's risk management framework and how it uses its available capital. It also looks at how risks arising from major investments, product development and corporate transactions are identified and assessed.

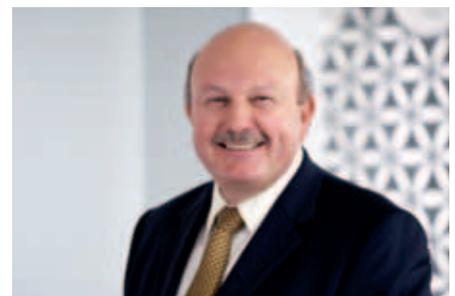


David Grigson

David chairs the Audit Committee, which reviews the Group's financial reports, including our annual and half year results, to make sure we meet our financial reporting requirements. The committee also monitors the work of our external auditor, currently PricewaterhouseCoopers, as well as our internal audit and anti-financial crime teams.

Colin Buchan

Colin chairs the Investment Committee, which oversees the investment activities and the stewardship role of the Group as an investor and fund manager. This includes taking into account trends and issues in relevant investment markets.



Our 2013 AGM

The next Annual General Meeting starts at 2pm on Tuesday 14 May 2013 at the Edinburgh International Conference Centre.

The Board recommends you vote 'For' all our AGM resolutions. Read the AGM guide or visit www.standardlife.com/reporting to find out more about this year's resolutions.

How do I vote?

If you've received a paper voting form, fill it out and send it back. Or go online to www.standardlifeshareportal.com – have your shareholder reference number ready. You can find this on letters we've sent you, your share certificate or share account statement.

When can I vote?

All online votes and paper voting forms must be received by 6pm (UK time) on Friday 10 May 2013.

Are you a Standard Life Share Account holder?

If you want to come to the AGM you must nominate yourself as a proxy on the paper or online voting form you submit.

What's happening in 2013?

01 May 2013	DRIP election cut-off date
10 May 2013	AGM voting closes
14 May 2013	Annual General Meeting (AGM)
21 May 2013	2012 final and special dividend due to be paid
8 August 2013	Half year results
29 October 2013	Interim dividend due to be paid



Your dividend

We're recommending a final dividend of 9.8p, giving a total of 14.7p per share for 2012 – up 6.5% on 2011.

In addition to the final dividend, we're delighted to recommend our shareholders receive a special dividend of 12.8p per share. This is thanks to the Group's strong capital position and our focus on carefully managing our assets and capital.

If our shareholders vote to approve this at our AGM, both the final and the special dividends are due to be paid together on 21 May 2013. This means our shareholders will receive one combined dividend payment of 22.6p per share.

9.8p

Final dividend

12.8p

Special dividend

22.6p

Combined dividend payment



To find out more about our AGM, voting and your dividend visit www.standardlife.com/reporting



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Download our app for the iPad

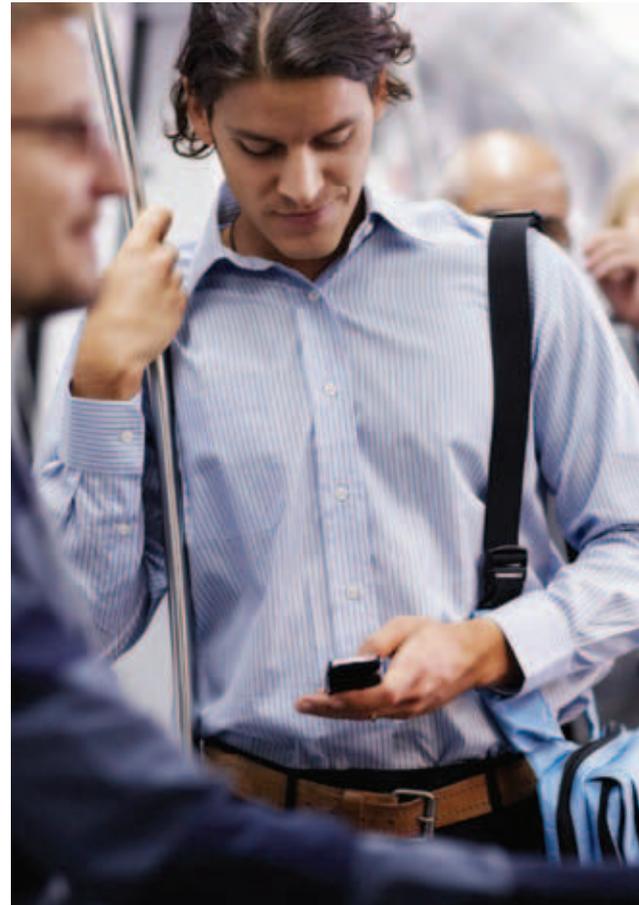
To keep up to date with Standard Life news, share price updates and other useful information, download our app for the iPad®. Look up 'Standard Life' on the App Store.



Talk to our experts

In November, we launched a new site for our UK customers called MoneyPlus. It's designed to give our customers more information on everything to do with saving and investing for the future.

Our experts regularly write about the subjects our customers tell us they want to know more about, like tax planning, as well as more light-hearted subjects such as how famous fictional characters plan for their future. There are some handy financial planning tools too. If you've got an idea for a topic, or want to read or comment on what our writers are saying, go to www.moneyplusblog.co.uk



Talented people

With so much change in the financial services industry and a demand for expert knowledge, it's more important than ever to have skilled people in our business.

We currently run three schemes across the Group to identify, develop and ultimately keep the people who will help lead Standard Life in the future. We have a graduate recruitment programme, a separate scheme that targets people early in their careers with potential to become leaders, and also a senior management scheme for people who want to become the future leaders of the Group.

These programmes help ensure that we keep talented people and help develop them in their careers, so that they can take Standard Life forward in the right direction.



Focusing on our customers

Throughout our business, keeping our customers at the heart of the way we work is important to us.

Narrowing the savings gap

In these difficult economic times, saving for retirement may not be the first thing on many people's minds. A big challenge for our industry is helping to change these attitudes and make more people realise the benefits that saving for the long-term can bring.

When the UK government introduced auto enrolment in October 2012, many people working in the UK were automatically enrolled into a pension scheme for the first time. It signalled a big step towards narrowing the savings gap and making it easier for people to save.

Standard Life put in place the systems and processes we need to make sure that our business is ready to support employers as they adjust to the regulatory changes that auto enrolment brings. And as more employers are gradually phased into the programme, the hope is that it will help change many more people's attitudes towards saving for retirement.

Keeping people in the know – financial education

Finding ways to educate people about how they can make long-term savings work for them was a big focus for Standard Life in 2012. If people have the right information, it can really help get them into the long-term savings habit. One of our research projects found that almost three fifths of people surveyed who didn't currently have a pension weren't aware of auto enrolment, but over half were keen to find out more about it.

We took to the road to run a series of retirement roadshows in locations across the UK, which over 1,000 customers attended. By answering people's questions about the benefits they can gain from long-term saving, the roadshows helped prepare them for the big move from working life to retirement.

Getting to know our customers better

Giving customers the right information is one thing. Giving them the right products and services is just as important. As their needs are constantly changing, understanding what they want from us is key.

As part of keeping customers at the heart of our business, we ran our 'Customer Week' last year. Events were held at all of our main offices to tell our people more about our customers and how we can do things better. We also looked at how we work with advisers, employers and regulators to make sure we're doing the right thing for them.

How do we know that our ideas are right for our customers? One way is to ask them. We have around 900 customers who are part of our online customer community. This means we can speak to them directly to check what they think about our ideas – whether it's products, campaign material or even sponsorship proposals. Their views are important and help us focus on doing the right thing for our customers.



If you're a Standard Life customer, and are interested in being part of the online customer community, email customer_research@standardlife.com to get in touch.



Less paper, less power, less waste

In 2006, we set a target that by 2020, we would reduce our Group's carbon footprint – the impact we make on the environment – by 50%. The end of 2012 was our halfway mark and we're on track. In the UK we've already managed to reduce our carbon footprint by almost 30%.

We're delighted with our progress but there's always more to be done – find out more about what we're doing to be greener by visiting www.standardlife.com/corp_resp



Making a difference

- ▶ **100%** of our electricity in the UK and Ireland comes from renewable sources
- ▶ We got our **second** Carbon Saver Gold Standard Award in 2012
- ▶ We've invested over **£1.8 million** into the communities where we operate
- ▶ In the UK, we use **half** the amount of paper now compared to 2006
- ▶ We're one of **only 14** companies in our sector to rank in the DJSI World sustainability indexes



Find out more online at
www.standardlife.com/reporting

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This information is written for the majority of Standard Life plc 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 2012 (unless otherwise stated).

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www.standardlife.com

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