

Objectives and strategy

Our aim is to create a leading asset managing business which builds valuable relationships with our customers around the world. We aim to provide leading service and compelling propositions which help customers to build and protect their assets so that they feel confident about their future wealth and wellbeing. We strive to develop and challenge our people so that we can continue to deliver against our strategic objectives and to adopt a global outlook and mindset in what we do. Our strategic objectives and how we performed against them are illustrated opposite.

In October 2007 we announced that we were in negotiations to acquire Resolution plc as we believed the proposal had strong commercial logic and would offer significant financial and operational synergies. However, when it became clear that market conditions and the asking price meant that a revised offer would not have created sufficient value for our shareholders, we withdrew from these negotiations. We remain focused on executing organic growth, building on our market leading positions and delivering strong financial results for our shareholders.

Further detail discussing how our businesses performed can be found in the business segment performance section.

Our strategic objectives and ultimately our ability to generate value for our shareholders may be subject to financial risks such as insurance, credit, market and liquidity risk and non-financial risks such as operational risk.

Our risk management approach is to focus on identifying these events and managing them within identified parameters. Principal risks and our risk management approach are discussed in more detail in the risk management section of the business review.

Our corporate purpose:

To generate sustainable, high-quality returns for our shareholders



Our mission:

To build valuable customer relationships by helping customers grow and protect their assets



Our vision:

We will help customers around the world feel confident about their future wealth and wellbeing

Create capital efficient innovative solutions

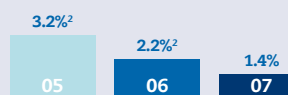
Strategy

Manage our existing book of business effectively, write profitable new business in a capital efficient manner, reduce unit costs and implement operational efficiencies through the effective use of technology.

Performance against KPIs¹

EEV capital and cash generation of £600m (2006: £262m²)

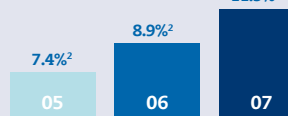
New business strain as a % of PVNBP



EEV operating profit before tax



Group RoEV



Looking ahead

Deliver capital efficiency through the sale of capital lite products, increase cash generation and grow RoEV.

Open new routes to markets

Develop and diversify distribution through enhancing relationships in existing channels, developing new relationships and exploring new markets.

Asia Pacific PVNBP of £266m (2006: £206m)

UK distribution by channel

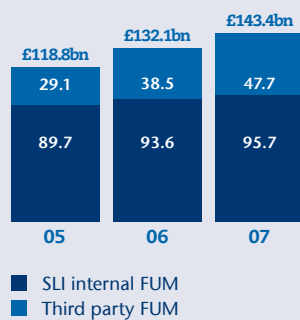


Leverage investment management expertise and performance

Grow assets under management and administration through our active investment approach and strong investment record.

Standard Life Investments: UK Asset Management Firm of the Year – 2007

Standard Life Investments FUM



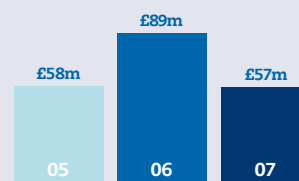
Drive for operational excellence

Continue to streamline our operational processes and enhance efficiency to reduce costs and keep improving the services we provide.

EEV efficiency gains of £109m (2006: £95m²)

CIP efficiency savings of £27m in the second half of 2007 compared to a £15m target

Group Corporate Centre costs



Broaden and deepen customer relationships through partners and direct routes. Increase proportion of profits generated outside of the UK through development and growth of our existing businesses.

Build further on our diverse sources of investment performance.

Further CIP efficiency savings to be achieved in 2008.

¹ For definitions of our Key Performance Indicators (KPIs) please refer to the glossary on page 326.

The KPIs have been used to highlight the Group's performance against our strategic objectives. Additional KPIs which are also used to measure our performance are discussed in the Group sections of the business review and also at a business unit level in the business segment performance sections.

² Prior year numbers shown on a pro forma basis.