

Resolution – Auction Update

November 2007

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Lazard & Co., Limited and Citigroup Global Markets Limited are acting as financial advisers to Resolution and no one else in connection with the Transaction and will not be responsible to any other person for providing the protections afforded to their respective clients nor for providing advice in relation to the Transaction or any other matter referred to in this announcement.

In this disclaimer "Transaction" means the acquisition of the issued and to be issued share capital of Resolution by either Standard Life plc ("Standard Life") or Pearl Group Limited ("Pearl")

Dealing disclosure requirements

Under the provisions of Rule 8.3 of the Code, if any person is, or becomes, "interested" (directly or indirectly) in 1 per cent. or more of any class of "relevant securities" of Standard Life or Resolution all "dealings" in any "relevant securities" of that company (including by means of an option in respect of, or a derivative referenced to, any such "relevant securities") must be publicly disclosed by no later than 3.30 pm (London time) on the London business day following the date of the relevant transaction. This requirement will continue until the date on which any offer becomes, or is declared, unconditional as to acceptances (or, if implemented by a scheme of arrangement, such scheme becomes effective), lapses or is otherwise withdrawn or on which the "offer period" otherwise ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an "interest" in "relevant securities" of Standard Life or Resolution, they will be deemed to be a single person for the purpose of Rule 8.3.

Under the provisions of Rule 8.1 of the Code, all "dealings" in "relevant securities" of Resolution by Standard Life or of Standard Life by Resolution, or by any of their respective "associates", must be disclosed by no later than 12.00 noon (London time) on the London business day following the date of the relevant transaction. A disclosure table, giving details of the companies in whose "relevant securities" "dealings" should be disclosed, and the number of such securities in issue, can be found on the Takeover Panel's website at www.thetakeoverpanel.org.uk.

"Interests in securities" arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an "interest" by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities. Terms in quotation marks are defined in the Code, which can also be found on the Takeover Panel's website. If you are in any doubt as to whether or not you are required to disclose a "dealing" under Rule 8, you should consult the Takeover Panel.

Maximising value from Resolution break-up



- 720p in cash per Resolution share
- To proceed by way of an offer, with potential to move to a scheme of arrangement
- Pearl holds approximately 24.2% of Resolution's shares
- Royal London would acquire:
 - Scottish Provident
 - Scottish Provident International
 - certain net assets and blocks of linked and protection in-force



- 517p in cash and 0.715 Standard Life shares per Resolution share
- To proceed by way of a scheme of arrangement, requiring approval of a 75% majority of Resolution shareholders voting
- Current offer unlikely to be proceedable – recommendation withdrawn
- Swiss Re would acquire:
 - Life Division South
 - Resolution Management Services
 - £2.35bn of EV

Resolution's criteria for judging offer

- The Board of Resolution has a duty to act in the best interests of shareholders as a whole

Maximise value



Value today and value potential over time

Capable of being implemented



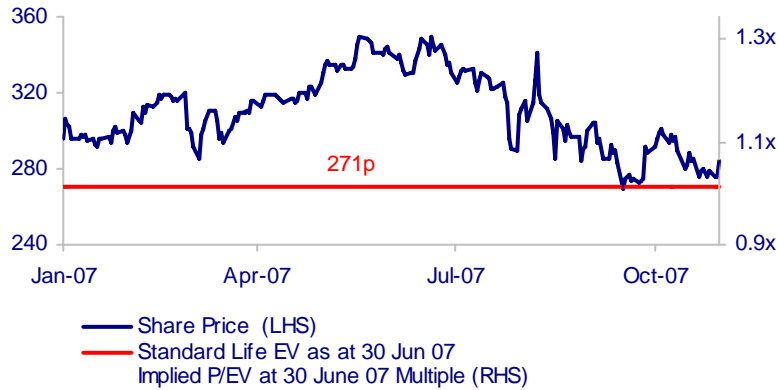
Structure that can be implemented

Likelihood of shareholder support

Regulatory and other approvals

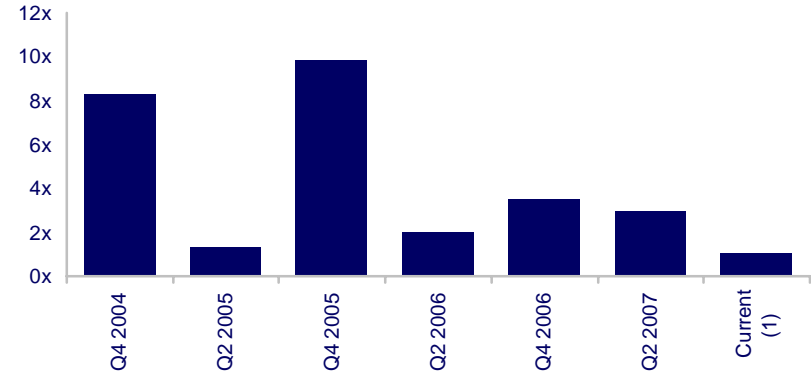
Resolution's approach to Standard Life shares

Standard Life Share Price Performance

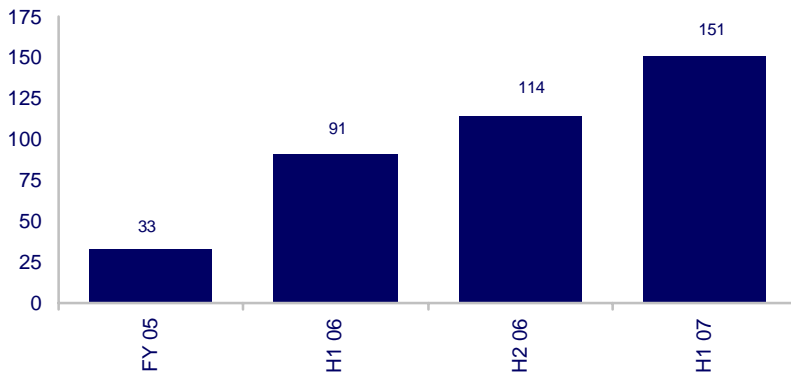


Value in excess of EV / VNB

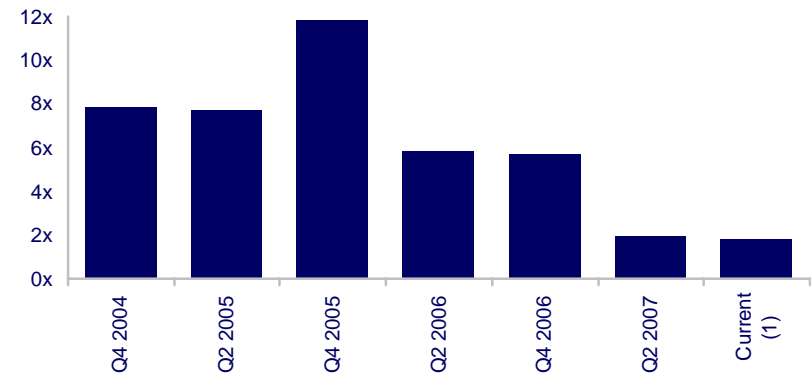
Friends Provident



Standard Life New Business Profits (£m)



Legal & General



Source: Datastream as at 31 October 2007. Company information

(1) Represents market values as at 31 October 2007. Based on published EV as at 30 June 2007. Note: Charts indicate market value in excess of EV, as a multiple of LTM VNB, post tax at 30%.

Resolution's approach to the Standard Life Offer – Selected Major Components of Value

			Standard Life offer
<i>Resolution share in enlarged Standard Life Group</i>	18.4%		Per Existing Resolution Share
Cash consideration			517p
Resolution share of the enlarged Standard Life's Embedded Value (<i>as at 30 June 2007, pre-payment of dividend</i>)			176p
Subtotal			693p
	Resolution share	Potential multiple	
Synergies (value of Standard Life's estimate of £71m ⁽¹⁾ p.a pre-tax synergies)	1.3p		
One-off Transaction implementation costs of £82m ⁽¹⁾ pre-tax (Standard Life's estimate)			(1.5p)
Financial benefits from fund mergers (value of Standard Life's estimate of £250m ⁽¹⁾)			6.7p
Asset Management (combined LTM earnings of £92m ⁽²⁾)	1.7p		
RAM goodwill currently in Embedded Value of £134.5m			(3.6p)
New Business (combined pre-tax LTM new business profits of £318m)	6.0p		
Acceleration of Annuity Company (Standard Life's estimate of 50% of Resolution's £900m p.a. vesting annuities)			
Complete product offering; Abbey bancassurance relationship; Possible revenue synergies; Enhanced cashflow profile			
Total			

(1) This is a merger benefit statement which, under Note 8 on Rule 19.1 of the Takeover Code, is required to be reported on by the financial advisers and accountants to Standard Life. No such reports have yet been prepared in respect of this statement. Standard Life announced on 29 October 2007 that it would shortly be formally reporting on the merger benefits statements included in the announcement of its offer for Resolution on 26 October 2007

(2) Profits from Standard Life Investments are non-covered business only

Source: Detailed sources and bases in RNS announcement of 1 November 2007

Memo: The components of value listed above are not intended to be exhaustive and do not include additional elements of value, both positive and negative, including Resolution shareholders' share of the value of an enlarged Standard Life's banking, healthcare, general insurance and other profits and group corporate centre costs

Resolution process

- Meetings with bidding consortia
 - value
 - structure considerations
- Review of offer conditionality, e.g. FSA / OFT
- Facilitate meetings with FSA, Life company boards, pension trustees
- Shareholder consultation