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If you sell or otherwise transfer or have sold or otherwise transferred all of your Standard Life Aberdeen Shares, please send this Circular (but not any personalised Voting Form) as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or the transferee. If you receive this Circular from another person, as a purchaser or transferee, please contact the Registrar for a Voting Form using the contact details at section 16 of Part I (*Letter from the Chairman*) or go online at www.standardlifeaberdeenshares.com. If you sell or have sold or otherwise transferred only part of your holding of Standard Life Aberdeen Shares, you should retain this Circular and any accompanying documents and consult with the bank, stockbroker or other agent through whom the sale or transfer was effected as to the action you should take. However, neither this Circular nor any accompanying documents should be released, published, distributed, forwarded or transmitted, in whole or in part, in, into or from any jurisdiction in which to do so would constitute a breach of the relevant laws of such jurisdiction.

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Application will be made to the UKLA and the London Stock Exchange, respectively, for the New Ordinary Shares resulting from the proposed Share Capital Consolidation to be admitted to the Official List and to trading on the London Stock Exchange's main market for listed securities in place of the Existing Ordinary Shares.

No application will be made to the UKLA or to the London Stock Exchange for the B Shares to be admitted to the Official List or to trading on the London Stock Exchange's main market for listed securities, nor will the B Shares be listed or admitted to trading on any other recognised investment exchange.

STANDARD LIFE ABERDEEN PLC

*(a public company incorporated with limited liability in Scotland with
registered number SC286832)*

Proposed sale of Standard Life Aberdeen's UK and European insurance business

Proposed return of up to £1.75 billion to Shareholders

Circular to Shareholders and Notice of General Meeting

This Circular should be read as a whole and your attention is drawn to the risk factors set out in Part IV (*Risk Factors*). Your attention is also drawn to the letter from your Chairman, which is set out in Part I (*Letter from the Chairman*), which contains the recommendation of the Standard Life Aberdeen Board that you vote in favour of the Resolutions to be proposed at the General Meeting.

The Notice of General Meeting to be held at the EICC, Morrison Street, Edinburgh EH3 8EE at 11 a.m. on Monday 25 June 2018 is set out at pages 125 to 127 of this Circular. Where you have received this Circular from Standard Life Aberdeen in hard copy, a Voting Form for use at the General Meeting is enclosed. Otherwise, a Voting Form is available electronically through www.standardlifeaberdeenshares.com or may separately have been sent to you in hard copy. Whether or not you intend to attend the General Meeting in person, please submit a Voting Form electronically through www.standardlifeaberdeenshares.com or complete, sign and return a hard copy Voting Form in accordance with the instructions printed on it as soon as possible but, in any event, so as to be received by the Registrar no later than 6 p.m. on 21 June 2018. If you hold your Standard Life Aberdeen Shares in uncertificated form (i.e. in CREST) you may appoint a proxy by completing and transmitting a CREST Proxy Instruction in accordance with the CREST Manual so that it is received by the Registrar (under CREST participant ID RA10) by no later than 6 p.m. on 21 June 2018. The time of receipt will be taken to be the time from which the Registrar is able to receive the message by enquiry to CREST in the manner prescribed by CREST.

Completion and submission of the Voting Form or completing and transmitting a CREST Proxy Instruction will not prevent Shareholders from attending or voting in person at the General Meeting if they wish to do so. Members of the Standard Life Aberdeen Share Account who wish to attend and vote in person at the General Meeting must submit the Voting Form with their own name in the nominated proxy box.

This Circular and the accompanying documents have been prepared to comply with English law and applicable regulations. The information disclosed may not be the same as that which would have been disclosed if this Circular or the accompanying documents had been prepared in accordance with the laws of jurisdictions outside the UK.

This Circular does not constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell, otherwise dispose of or issue, or any solicitation of any offer to sell, otherwise dispose of, issue, purchase, otherwise acquire or subscribe for, any security. This Circular does not constitute an invitation to participate in the B Share Scheme in or from any jurisdiction in or from which, or to or from whom, it is unlawful to make such offer under applicable securities laws or otherwise or where such offer would require a prospectus to be published. Neither this Circular, nor any other document issued in connection with the proposed return of capital to Shareholders, may be issued or distributed to any person except under circumstances which do not constitute an offer to the public under applicable securities laws. This document does not constitute a prospectus.

J.P. Morgan Securities plc (which carries on its UK investment banking activities as J.P. Morgan Cazenove), which is authorised by the PRA and regulated by the FCA and the PRA in the UK, is acting exclusively as sponsor and lead financial adviser for Standard Life Aberdeen and no one else in connection with the Sale and the Return of Capital and will not be responsible to anyone other than Standard Life Aberdeen for providing the protections afforded to its clients, or for providing advice in connection with the Sale or the Return of Capital or the contents of this Circular and will not regard any other person (whether or not a recipient of this Circular) as its client in relation to the Sale and the Return of Capital.

Fenchurch, which is authorised and regulated by the FCA, is acting exclusively as financial adviser for Standard Life Aberdeen and no one else in connection with the Sale and the Return of Capital and will not be responsible to anyone other than Standard Life Aberdeen for providing the protections afforded to its clients or for providing any advice in connection with the Sale or the Return of Capital and will not regard any other person (whether or not a recipient of this Circular) as its client in relation to the Sale, the Return of Capital or any matter referred to in this Circular.

No person has been authorised to give any information or make any representations other than those contained in this Circular and, if given or made, such information or representations must not be relied upon as having been authorised by Standard Life Aberdeen, the Standard Life Aberdeen Directors, J.P. Morgan Cazenove or Fenchurch or any other person involved in the Sale or the Return of Capital. The

delivery of this Circular shall not, under any circumstances, create any implication that there has been no change in the affairs of Standard Life Aberdeen since the date of this Circular or that the information in this document is correct as at any time since its date.

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This Circular is dated 30 May 2018.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS RELATING TO THE SALE

PRINCIPAL EVENTS	TIME AND/OR DATE⁽¹⁾
Announcement of the Sale	23 February 2018
Publication of the Phoenix Prospectus	30 May 2018
Date of this Circular	30 May 2018
Latest time for receipt of Voting Form or CREST Proxy Instructions for the General Meeting	6 p.m. on 21 June 2018 ⁽²⁾
Voting Record Time for the General Meeting	6 p.m. on 21 June 2018 ⁽²⁾
General Meeting	25 June 2018
Phoenix general meeting	25 June 2018
Expected Completion	The third quarter of 2018 ⁽³⁾
Allotment of the Consideration Shares to Standard Life Aberdeen	8 a.m. on the date of Completion ⁽³⁾
Cancellation of listing of Phoenix Shares	Immediately prior to 8 a.m. on the date of Completion ⁽³⁾
Phoenix Re-Admission	8 a.m. on the date of Completion ⁽³⁾

- (1) **The dates and times given are indicative only and are based on current expectations and may be subject to change (including as a result of changes to the timetable for the fulfilment of regulatory approvals).** References to times are to UK times unless otherwise stated. If any of the times or dates above change, the revised times and/or dates will be announced via a Regulatory Information Service.
- (2) To be entitled to attend and vote at the General Meeting (and for the purpose of determination by Standard Life Aberdeen of the votes they may cast), Shareholders who have a certificate for their shares or hold them through CREST must be on the Standard Life Aberdeen register at 6 p.m. on 21 June 2018 or, if the General Meeting is adjourned, at the time that is 48 hours (excluding any part of a day that is a non-Business Day) before the time of the adjourned meeting. For persons who hold their shares in the Standard Life Aberdeen Share Account, to be entitled to attend in person you must be registered as a member of the Standard Life Aberdeen Share Account and return your Voting Form with your own name in the nominated proxy box by no later than 6 p.m. on 21 June 2018 or, if the General Meeting is adjourned, at the time that is 48 hours (excluding any part of a day that is a non-Business Day) before the time of the adjourned meeting. Changes to the Standard Life Aberdeen register or the register for the Standard Life Aberdeen Share Account after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the General Meeting.
- (3) These times and dates are indicative only and will depend on, among other things, the dates on which the Conditions are satisfied.

CORPORATE DETAILS AND ADVISERS

Registered Office	Standard Life House 30 Lothian Road Edinburgh EH1 2DH
Joint Financial Adviser and Sole Sponsor	J.P. Morgan Securities plc 25 Bank Street Canary Wharf London E14 5JP
Joint Financial Adviser	Fenchurch Advisory Partners LLP Tower 42 25 Old Broad Street London EC2N 1HQ
Legal Adviser	Slaughter and May One Bunhill Row London EC1Y 8YY
Auditors	KPMG LLP 15 Canada Square Canary Wharf London E14 5GL
Reporting Accountants	KPMG LLP 15 Canada Square Canary Wharf London E14 5GL
Registrar	Link Market Services Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

PART I
LETTER FROM THE CHAIRMAN

Registered Office
Standard Life House
30 Lothian Road
Edinburgh EH1 2DH
Scotland

30 May 2018

To Standard Life Aberdeen Shareholders and, for information only, to persons with information rights

**Proposed sale of Standard Life Aberdeen’s UK and European insurance business to
Phoenix (the “Sale”)**

Proposed return of up to £1.75 billion to Shareholders

1. Introduction

I am writing to set out an explanation of the background to and the reasons for the Sale and to explain why the Standard Life Aberdeen Board considers the Sale and the associated enhancement of the strategic partnership with the Phoenix Group to be in the best interests of our Shareholders as a whole.

I am also writing to provide you with details of our proposal to return up to £1.75 billion to Shareholders following Completion.

The key aspects of the proposed Sale and Return of Capital are summarised below:

- We are proposing the sale by Standard Life Aberdeen to Phoenix of Standard Life Assurance Limited, which includes the spread / risk books (largely legacy annuity policies) and the UK mature retail, European pensions and savings, and workplace businesses for total consideration of £3.28 billion (based on the closing price for Phoenix Shares as at the Latest Practicable Date), comprising cash consideration of £2.28 billion¹ and a shareholding of approximately 19.99% in the Enlarged Phoenix Group.
- Standard Life Aberdeen and Phoenix have agreed to expand significantly their existing long-term strategic partnership whereby Aberdeen Standard Investments will continue as the Phoenix Group’s primary long-term asset management partner and existing investment management arrangements will be extended. Phoenix has also granted Aberdeen Standard Investments a right of first refusal² for investment management mandates on new assets that it acquires.
- Post-Completion, Standard Life Aberdeen and the Enlarged Phoenix Group will actively collaborate across a number of areas including both the workplace business and the Retail Platforms within a joint governance framework to ensure clients and customers continue to enjoy a best-in-class service. The strategic partnership also provides an opportunity for Standard Life Aberdeen to offer relevant propositions and services (including advice) to the Enlarged Phoenix Group’s c.10 million customers (where permissible).

¹ Inclusive of a £312 million dividend paid by Standard Life Assurance Limited to Standard Life Aberdeen in March 2018.

² This right is subject to the satisfaction of certain commercial conditions, including capability and fee levels, and to certain applicable governance processes.

- The Sale completes the transformation of the Standard Life Aberdeen Group into a capital-light business and accelerates our strategy of becoming a world-class investment company. As part of this transformation, a revised operating model has been developed and will be implemented, which is expected to enhance commercial and operational delivery of our strategy. The Sale provides the opportunity to confirm the scope of and accelerate the delivery of the revised operating model and consequent efficiency savings. Successful implementation of the revised operating model is expected to deliver at least £100 million of annual net efficiency savings by the end of 2020. These savings are in addition to previously announced annual cost synergies arising from the integration of Standard Life Investments and Aberdeen of £250 million.
- Subject to Shareholder and regulatory approvals, we intend to return up to £1.75 billion in aggregate to Shareholders, with the first £1.0 billion to be returned to Shareholders by way of the B Share Scheme and the remaining up to £750 million to be returned by way of the Share Buyback Programme.

The Standard Life Aberdeen Board believes that there is a compelling strategic and financial rationale for the Sale. The Sale completes Standard Life Aberdeen's transformation into a capital-light investment company, a journey that began with Standard Life's demutualisation in 2006. This journey was continued through the sale of Standard Life Bank in 2009, the sale of Standard Life Healthcare in 2010, the acquisition of the Ignis Group in 2014, the disposal of Standard Life's Canadian business in 2014, and the transformational merger of Standard Life and Aberdeen last year. During the period from Standard Life's demutualisation and IPO in 2006 until 23 February 2018 (the announcement of the proposed Sale), your company, and prior to the merger Aberdeen, have in aggregate returned a total of £9.3 billion in capital and dividends to their respective Shareholders (taking into account the proposed return of up to £1.75 billion under the B Share Scheme and the Share Buyback Programme). Over the same period, the company has provided a total Shareholder return of 194%, which compares to a total shareholder return for the wider FTSE 100 of 90%.

The Standard Life Aberdeen Board considers the Sale and the Return of Capital, and each of the Resolutions necessary to implement them, to be in the best interests of Standard Life Aberdeen and its Shareholders as a whole and unanimously recommends that Shareholders vote in favour of each of the Resolutions, as the Standard Life Aberdeen Directors intend to do in respect of their own individual beneficial holdings.

2. Summary terms of the Sale

On 23 February 2018, the Standard Life Aberdeen Board announced that it had agreed terms for the sale by the Company of its UK and European insurance business to Phoenix and a significant enhancement of the existing long-term strategic partnership between Standard Life Aberdeen and the Phoenix Group.

The transaction involves the sale by Standard Life Aberdeen to Phoenix of Standard Life Assurance Limited, which includes the spread / risk books (largely legacy annuity policies) and the UK mature retail, European pensions and savings, and workplace businesses, with Standard Life Aberdeen retaining its UK Retail Platforms and financial advice businesses. The total consideration for the Sale has a value of £3.28 billion (based on the closing price for Phoenix Shares as at the Latest Practicable Date), comprising cash consideration of £2.28 billion³ and a shareholding of approximately 19.99% in the Enlarged Phoenix Group. Should the Sale not complete before the record date of the Phoenix interim dividend for the financial year 2018, Standard Life Aberdeen will also be entitled to receive a payment at Completion equal to the amount that would have been received by Standard Life Aberdeen as part of the Phoenix interim dividend had the Sale completed before this date.

As set out in further detail below, Standard Life Aberdeen and Phoenix have also agreed to expand significantly their existing long-term strategic partnership whereby Aberdeen Standard Investments will

³ Inclusive of a £312 million dividend paid by Standard Life Assurance Limited to Standard Life Aberdeen in March 2018.

continue as the Phoenix Group's primary long-term asset management partner and an extension of the existing arrangements between the parties under which Aberdeen Standard Investments currently manages £48 billion⁴ of assets for the Phoenix Group. This, taken together with the assets currently managed by Aberdeen Standard Investments for the SLAL Group and transferring as part of the Sale, will result in Aberdeen Standard Investments managing around £158 billion of assets on behalf of the Enlarged Phoenix Group.

3. Background to and reasons for the Sale

Background

The merger of Standard Life and Aberdeen in 2017 created a more international and diverse asset management business through the combination of the SLI Group and Aberdeen. Following on from the merger, the proposed Sale now completes the transformation of the Standard Life Aberdeen Group into a capital-light business and accelerates our strategy of becoming a world-class investment company with breadth and depth in our investment capabilities and genuine scale in each of our core asset classes. This enables us to deliver cost-effective investment solutions to meet the needs of our clients and customers across multiple channels and geographies.

The Retained Group will have a clear focus on managing and administering assets and advising our customers and clients, with access to, and an ability to enhance our relationships with, Institutional and Wholesale clients across the UK, EMEA, Americas and Asia-Pacific, and Retail customers in the UK. Our Retail Platforms and 1825 (our financial advice business) are an important part of this strategy.

Standard Life was founded in 1825 and is one of the UK's oldest pensions and long-term savings businesses. Today, the SLAL Group is a leading provider of long-term savings and investment propositions, serving around 4.5 million customers and clients.

In recent years, SLAL has focused on investing in its range of modern savings propositions in the UK workplace and retail savings markets, where it has built leading positions. The successful execution of this strategy has led to growth in workplace and retail AuA of 123% over the last five years, with revenues increasing by 53% over this period.

The long-term savings market in the UK is supported by attractive structural growth trends such as an ageing population and a greater level of personal responsibility for savings; however, the industry has experienced substantial pressures on margins for new product sales while our mature books have declining assets and profitability. As a result, the Standard Life Aberdeen Board believes that the Company can best capture the benefits of these growth trends through the combination of our Aberdeen Standard Investments asset management offering, our Retail Platforms and 1825 and by partnering with the Phoenix Group, whose expertise is in administering and servicing mature and closed books of insurance and long-term savings products.

Attractive value achieved for Shareholders and expected reduced future capital requirements, which should enable a substantial return of proceeds

The Sale realises an attractive value for the Transferring Group in the context of a mature book having declining assets and profitability and competitive pressures on new business, particularly within the workplace market. As part of the consideration for the Sale, Standard Life Aberdeen will receive cash proceeds of £2.28 billion⁵. In addition, we expect the Retained Group to benefit from lower regulatory

⁴ Figures for assets managed by Aberdeen Standard Investments on behalf of the Phoenix Group and the Transferring Group are stated as at 31 December 2017.

⁵ Inclusive of a £312 million dividend paid by Standard Life Assurance Limited to Standard Life Aberdeen in March 2018.

capital requirements as its balance sheet risks are significantly reduced. Owing to the Sale, we expect Standard Life Aberdeen to be supervised under CRD IV for group prudential supervisory purposes, subject to receiving regulatory approval.

As a result of the proceeds of the Sale, Standard Life Aberdeen will be able to accelerate its growth strategy through targeted investments to deliver enhanced propositions for clients and customers, and will also undertake the substantial proposed Return of Capital to Shareholders of up to £1.75 billion (subject to regulatory approval), while maintaining the Retained Group's strong balance sheet and its commitment to a progressive dividend policy.

As part of the Return of Capital, Standard Life Aberdeen proposes to undertake the Share Capital Consolidation to seek to ensure that the market price of Standard Life Aberdeen Shares remains consistent after the Return of Capital.

Financial strength and resources to capitalise on the changing investment and savings landscape

The investment and savings landscape is experiencing significant change, driven by increasing regulation, the changing needs of clients and customers, increasing innovation, and the evolution of technology as a differentiator. This, coupled with declining revenue margins, means that the ability to compete on the global stage as a world-class investment company requires continued investment with a view to:

- **Enhancing capabilities:** Further broadening and deepening the Retained Group's investment capabilities, including through investment in improved technology and artificial intelligence capabilities, to ensure that Aberdeen Standard Investments remains well positioned to meet clients' and customers' evolving requirements across Institutional, Wholesale and Retail channels and geographies, with genuine scale across asset classes and continuing our established track record of innovative and cost-effective investment solutions;
- **Developing across channels to market:** Continuing to focus on our routes to market and to reflect the changing nature of our client and customer base, including our ability to serve UK Retail customers through our Wholesale and Retail relationships and through our advice businesses as well as through strategic partnerships such as the recently announced joint venture with Virgin Money;
- **Expanding global reach:** Continuing to develop the Retained Group's global footprint by investing in strategically important markets to drive further revenue and profit diversification, allowing Standard Life Aberdeen to capitalise on opportunities worldwide by leveraging local knowledge and expertise; and
- **Improving operational efficiency:** Investing in technology to allow the simplified Retained Group to deliver greater operational efficiency and cost effectiveness for shareholders, clients and customers while remaining well placed to compete effectively in the global market.

Compelling financial benefits through simplification and efficiency

We announced with our 2017 full-year results an increase in targeted cost synergies arising from the integration of the SLI Group and the Aberdeen Group from £200 million to at least £250 million per annum. In addition, the Standard Life Aberdeen Group stated its ambition to reduce the cost/income ratio from 70% (excluding the Transferring Group) in the year ended 31 December 2017 to 60% over the medium term by driving down unit costs.

The Sale completes the transformation of the Standard Life Aberdeen Group into a capital-light business and accelerates our strategy of becoming a world-class investment company.

As part of the transformation of Standard Life Aberdeen, a revised operating model has been developed and will be implemented, which is expected to enhance commercial and operational delivery of our strategy. The Sale provides the opportunity to confirm the scope and accelerate the delivery of the revised operating model and consequent efficiency savings.

Successful implementation of the revised operating model is expected to deliver at least £100 million of annual net efficiency savings by the end of 2020. The efficiency benefits are expected to be realised from application of our operating model principles, achieving consolidation of multiple locations of similar teams, elimination of duplicative overheads, greater efficiency and leveraging of operational economies of scale, streamlining of governance and management structures and rationalisation and efficiencies of internal support functions. These savings are in addition to previously announced cost synergies arising from the integration of Standard Life Investments and Aberdeen. It is estimated that the realisation of these net efficiency savings will result in non-recurring costs in the region of £60 million, which are expected to be incurred over the period to 2020. These costs are in addition to the separation costs of approximately £250 million referred to in section 7 of this Part I (*Letter from the Chairman*) of this Circular. For further information, see section 11 of Part XII (*Additional Information*) of this Circular.

The revised operating model and resulting estimated efficiency savings identified above reflect both the beneficial elements and relevant costs of achieving them.

The Sale, taken together with the proposed B Share Scheme and Share Capital Consolidation, the Share Buyback Programme, the additional expected earnings from the Retained Group's approximate 19.99% stake in Phoenix and the announced efficiency benefits arising from the revised operating model of the Retained Group, is expected to be accretive to earnings per share from 2020.

Value creation through investment in and long-term strategic partnership with the Phoenix Group

Standard Life Aberdeen believes that there remain substantial consolidation opportunities within the UK and European insurance sectors. Our strategic investment in Phoenix will allow Standard Life Aberdeen to share in the Enlarged Phoenix Group's future growth as the UK's pre-eminent consolidator of closed life books as well as in UK workplace assets, and further expansion by the Enlarged Phoenix Group into Europe. The strategic investment is expected to provide a stable, predictable source of cash flows to Standard Life Aberdeen through dividends received from its shareholding in Phoenix.

The investment also allows Standard Life Aberdeen to share in value created through realisation of synergies in the Enlarged Phoenix Group. It also reinforces the strategic partnership between the groups and Standard Life Aberdeen's status as a leading provider of investment solutions to the insurance market and the asset manager of choice for the Enlarged Phoenix Group.

The strategic partnership is based on the complementary strengths of each group: the Phoenix Group as an administrator and servicer of insurance and long-term savings books, and Standard Life Aberdeen as a leading provider of investment management solutions, retail platforms and financial advice. The strategic partnership represents a long-term and mutually beneficial relationship underpinned by new and enhanced long-term business agreements entered into as part of the Sale and Standard Life Aberdeen's significant shareholding in Phoenix post-Completion. Further details on the individual components of the strategic partnership are considered in the next section.

4. Strategic partnership with the Phoenix Group

Investment management arrangements with the Enlarged Phoenix Group

As part of the Sale, Standard Life Aberdeen will enter into an extended and enhanced investment management relationship with the Enlarged Phoenix Group. This is underpinned by long-term agreements

(described in more detail in Part V (*Principal Terms and Conditions of the Sale*)) supporting an aggregate £158 billion of AuM currently managed by Aberdeen Standard Investments on behalf of the SLAL Group and the Phoenix Group. In addition to providing long-term arrangements in relation to the AuM currently managed by Aberdeen Standard Investments, the strategic partnership is expected to deliver incremental AuM, with £7.0 billion currently under review by the Phoenix Group in relation to a possible transfer to ASI and the potential for additional mandates to follow (subject to normal commercial considerations and governance processes).

Phoenix has also granted Aberdeen Standard Investments a right of first refusal⁶ for investment management mandates on new assets that it acquires, providing scope for Aberdeen Standard Investments to benefit from the Enlarged Phoenix Group's future growth as it continues to consolidate insurance and long-term savings businesses in both the UK and Europe, and expands in the bulk purchase annuity sector.

Enhanced access to and continuing support for clients and customers

Through the Client Service and Proposition Agreement (described in more detail in Part V (*Principal Terms and Conditions of the Sale*)), post-Completion, Standard Life Aberdeen and the Enlarged Phoenix Group will actively collaborate across a number of areas, including both the workplace business and the Wrap platform.

The Retained Group and the Enlarged Phoenix Group will work together to offer market-leading solutions to workplace pension clients. Each group will be responsible for different aspects of the workplace business, with the Retained Group providing investment management, brand and marketing services, and the Enlarged Phoenix Group focusing on design and development, policy administration and operational support. The operating model for the workplace business will otherwise remain unchanged and staff currently supporting this business will continue to work together post-Completion.

A joint operating forum will be established and will be responsible for decision making which together with a supporting wider governance framework will facilitate an effective partnership. We remain fully committed to our workplace clients, and will work together with the Phoenix Group, including through the joint operating forum, to minimise disruption to the service that they receive. We are determined that workplace clients and their respective employees should continue to enjoy a best-in-class service.

As mentioned above, enhancing its access to Retail customers by bringing to bear its full suite of investment management and financial advice capabilities is a priority for Standard Life Aberdeen. The strategic partnership with the Phoenix Group provides an opportunity for Standard Life Aberdeen to offer relevant products and services to the Enlarged Phoenix Group's c.10 million customers (wherever permissible under applicable law and contractual arrangements, and subject to the receipt of customer consent where required). This includes, for example, offering financial advice services to non-advised customers through 1825 and the development of our direct-to-consumer capabilities for the Enlarged Phoenix Group customers.

The Retail Platforms will continue to be part of Standard Life Aberdeen. The Wrap SIPP, Wrap Onshore Bond and Wrap International Portfolio Bond will be provided by the Enlarged Phoenix Group. The Wrap ISA, Wrap Personal Portfolio and Wrap Cash Account wrappers will continue to be provided by the Retained Group. The teams responsible for developing the Wrap platform will remain with Standard Life Aberdeen and it is our intention that the Client Service and Proposition Agreement should ensure that there is no break in continuity or reduction in service standards for the customers of the Wrap platform.

The Retained Group will continue to drive an ongoing programme of development activity for the Wrap platform. In addition, the vast majority of the servicing and administration for products transferring to the Enlarged Phoenix Group and which are available on the Wrap platform will be provided by the Retained

⁶ This right is subject to the satisfaction of certain commercial conditions, including capability and fee levels, and to certain applicable governance processes.

Group through an outsourcing arrangement with the Enlarged Phoenix Group, ensuring continuity of service and maintaining the existing experience for advisers using this platform. This framework will ensure our award-winning Wrap platform continues to support our adviser clients and their customers. This framework will also help our direct Retail customers in the UK.

Shareholding and board participation

Following Completion, Standard Life Aberdeen will own an approximate 19.99% shareholding in Phoenix. Under the terms of the Relationship Agreement to be entered into between Standard Life Aberdeen and Phoenix, Standard Life Aberdeen will have the right to appoint two non-executive directors to Phoenix's board of directors for so long as Standard Life Aberdeen's shareholding in Phoenix is at least 15% and one non-executive director for so long as its shareholding is more than 10% but less than 15% (in both cases, excluding shares held by the Standard Life Aberdeen Group on behalf of its clients). Standard Life Aberdeen has agreed not to sell any of its Phoenix Shares for a period of 12 months from Completion, as it views its shareholding in Phoenix as an important component of its long-term partnership with the Phoenix Group.

Commitment to our heritage and branding

Phoenix has indicated to Standard Life Aberdeen its long-term intention to maintain operational headquarters in Edinburgh. Post-Completion, more than 57% of the Enlarged Phoenix Group's headcount will be based in Edinburgh.

The "Standard Life" brand is almost 200 years old and is one of the most recognised brands in the UK long-term savings industry. It has a strong reputation built on high levels of service, quality and an established track record in managing customers' life savings.

It is very important for us that, through the proposed strategic partnership with the Phoenix Group, we maintain the "Standard Life" brand experience for our customers and clients. While the Retained Group will continue to be the proprietor of the "Standard Life" trademark, we will license the use of the "Standard Life" brand by the Transferring Group. Furthermore, both Standard Life Aberdeen and the Enlarged Phoenix Group will work together through our strategic partnership and service agreements to continue to build and maintain a strong "Standard Life" brand. The "Standard Life" brand will continue to be a prominent feature of our Retail Platforms.

Information on the Phoenix Group

As the UK's largest specialist consolidator of closed life insurance funds by number of policyholders, Phoenix represents an attractive partner for Standard Life Aberdeen and a stable, secure and service-oriented steward for policyholders in the Transferring Group.

Phoenix specialises in the acquisition and management of closed life and pension funds and operates primarily in the UK. As at 31 December 2017, Phoenix had more than 5.6 million policyholders, £74 billion of AuM and Solvency II Own Funds of £6.6 billion. For the full year ended 31 December 2017, Phoenix reported operating profit before tax of £368 million and operating companies' cash generation of £653 million. Phoenix is primarily focused on the efficient management of in-force policies and currently writes limited new policies (as increments to existing policies and annuities for current policyholders when their policies mature). Phoenix also writes a limited set of direct protection policies.

Phoenix has three operating life insurance companies that hold policyholder assets: Phoenix Life Limited, Phoenix Life Assurance Limited and Abbey Life Assurance Company Limited.

Phoenix's two principal management service companies, Pearl Group Services and Pearl Group Management Services Limited, aim to provide all administrative services required by the Phoenix Group Life Companies (or to manage the provision of such services through outsourcing arrangements), including policy administration, information technology, finance and facility management services.

On 1 November 2016, Phoenix acquired the SunLife and Embassy Business from AXA UK for £373 million in cash. The acquisition added £12 billion of AuM and over 910,000 policyholders to Phoenix and is expected to generate cash flows for the Phoenix Group of approximately £300 million in aggregate between 2016 and 2020 and approximately £200 million in aggregate from 2021 onwards.

On 30 December 2016, Phoenix acquired Abbey Life Assurance Company Limited, Abbey Life Trustee Services Limited and Abbey Life Trust Securities Limited from Deutsche Holdings No. 4 Ltd., a wholly owned subsidiary of Deutsche Bank AG, for £933 million in cash. Proceeds from a rights issue of 144,727,282 new shares at 508 pence per new share, which closed on 25 October 2016, were applied towards the consideration paid for the acquisition. The acquisition added £10 billion AuM and 735,000 policyholders. It is expected to generate approximately £500 million of aggregate cash flows for the Phoenix Group between 2016 and 2020 and approximately £1.1 billion in aggregate from 2021 onwards.

5. Proposed Return of Capital and repayment of inter-company debt

We expect that, post-Completion, the Retained Group will be subject to the CRD IV regime for group-level prudential regulatory capital purposes. This will be subject to receiving regulatory approval. We estimate that the capital resources of the Retained Group under this regime, based on figures as at 31 December 2017, would have been £3.0 billion. This estimate includes the Sale proceeds net of estimated transaction and separation costs, and in accordance with CRD IV rules, excludes the majority of the value of the holding in Phoenix. The estimate also excludes any impact relating to the fair value of indemnities provided by Standard Life Aberdeen and Phoenix described in Part V (*Principal Terms and Conditions*) of this Circular. The estimate is before the proposed Return of Capital and does not take into account the benefit from existing or future issues of debt capital. The capital resources of the Retained Group will vary over time in line with various factors, including future profitability.

Our expectation is that, following Completion, the surplus capital within the Retained Group will be substantial. This surplus capital results from the Sale proceeds and anticipated lower capital requirements post-Completion. The actual level of surplus will depend on the capital requirements of the Retained Group, which will be subject to regulatory review.

In light of the Retained Group's expected future surplus capital and liquidity post-Completion, Standard Life Aberdeen intends, subject to Shareholder and regulatory approval, to return up to £1.75 billion in aggregate to Shareholders.

The first £1.0 billion is expected to be returned to Shareholders by way of the B Share Scheme, which will involve the issue of new B Shares, which Standard Life Aberdeen will redeem for cash. The exact amount to be returned on each Standard Life Aberdeen Share will depend on the number of Standard Life Aberdeen Shares in issue at the Record Time. It is our current expectation that Shareholders will receive a minimum of 33.4 pence per Standard Life Aberdeen Share as part of the B Share Scheme, and that the B Share Scheme will complete soon after Completion. Exact timings for the B Share Scheme, including the Record Time, will be notified to Shareholders by way of an RIS announcement on or around Completion.

The Standard Life Aberdeen Board considered a number of methods for immediately returning capital to Shareholders and, having regard to the differing positions of the Shareholders, concluded that the B Share Scheme would be the most favourable method for the bulk of the Return of Capital. In reaching this conclusion, the Standard Life Aberdeen Board considered in particular the position of retail Shareholders and the benefits of completing the Return of Capital to Shareholders within a fixed time frame.

To maintain comparability, so far as possible, between the market price per Standard Life Aberdeen Share before and after the implementation of the B Share Scheme, and to reflect the value that will be returned to Shareholders, the B Share Scheme will be accompanied by the Share Capital Consolidation. Further information is set out in Part VI (*Details of the Return of Capital*) of this Circular.

Following completion of the B Share Scheme and Share Capital Consolidation, Standard Life Aberdeen intends to return up to a further £750 million to Shareholders by way of the Share Buyback Programme. It is expected that the Share Buyback Programme will involve the on-market purchase of Standard Life Aberdeen Shares and will commence shortly following completion of the B Share Scheme, subject to regulatory approval and market conditions.

The balance of the proceeds, combined with £0.8 billion of liquidity received by the Retained Group on Completion following the repayment by the Transferring Group of inter-company debt, will be used to retire a proportion of the Retained Group's outstanding debt of £1.9 billion. It is intended that the Retained Group will undertake an exercise to retire the outstanding tier 1 bonds, while continuing to evaluate options in relation to the outstanding tier 2 instruments, with a focus on maximising the efficiency of the Retained Group's capital and liquidity.

6. Strategic positioning of the Retained Group

The Retained Group's businesses are expected to be well positioned to capitalise on trends that are shaping the global savings and investments landscape. The continued democratisation of financial risk requires individuals to take greater responsibility for their financial futures, while increasing innovation, technology and digitalisation dictate that technology is an ever-more important differentiator. Against a backdrop of low growth and low public trust in financial services, Standard Life Aberdeen will be well placed to provide its clients and customers with the breadth and depth of modern, cost-effective, investment management, retail platforms and financial advice solutions that together form a world-class investment company.

Following Completion, Standard Life Aberdeen will organise itself by geography and channel to reflect the primary characteristics of its markets. It will maintain its focus on offering its investment management solutions, retail platforms and financial advice solutions to a full range of Institutional, Wholesale and Retail clients and customers either through its own distribution capabilities or through its alliances with strategic partners, including the Enlarged Phoenix Group.

Following Completion, the Retained Group will offer:

- across EMEA, the Americas and Asia-Pacific: active and quantitative investment management products and solutions to Institutional and Wholesale clients and customers manufactured and distributed under its "Aberdeen Standard Investments" brand; and
- in the UK:
 - "Aberdeen Standard Investments" branded investment management products and innovative solutions across a diverse range of asset classes either directly to Retail or Institutional clients or to Wholesale clients such as private banks and third party investment platforms; and
 - a range of leading asset administration and financial planning services to Wholesale clients such as independent financial advisers and Retail (advised and non-advised) customers through the Retail Platforms, the "1825" financial advice business, our direct-to-consumer offerings, and through our alliances with strategic partners such as the Phoenix Group and Virgin Money.

Standard Life Aberdeen will also own participating associate and joint venture investments in long-term savings and asset management businesses with substantial growth potential in India and China, as well as our shareholding in Phoenix. Post completion, the Retained Group will own:

- a 29.3% stake in HDFC Life, one of India's leading life insurance companies;
- a 37.98% stake in HDFC AMC⁷, one of India's largest mutual fund companies;
- a 50% stake in HASL, a leading Chinese life, saving and protection business; and
- an approximate 19.99% stake in Phoenix Group, the UK's pre-eminent closed life fund consolidator.

Overview of Aberdeen Standard Investments' offering

Aberdeen Standard Investments serves the investment needs of a diverse range of global Institutional, Wholesale and Retail clients around the world. It is differentiated by its powerful and global distribution reach and the breadth and depth of its investment management capabilities, which cover all key asset classes, spanning both developed and emerging markets and including equities, fixed income, multi-asset, real estate and other private markets, quantitative and liquidity funds.

As the market has shifted from narrowly defined products to more outcome-oriented solutions, Aberdeen Standard Investments has focused on tailoring its investment proposition to address clients' demands. This includes significant innovation in next generation "new active" investment propositions, the market for which has almost doubled between 2008 and 2015. We continue to believe in active investment delivering superior outcomes, a team-based ethos, fundamental research delivering insights to exploit market inefficiencies and the embedding of environmental, social and governance criteria within our investment approach. In equities, we have announced a reorganisation that creates a differentiated approach that focuses on four portfolio outcomes designed to meet clients' different risk return objectives: "High Active", "Smaller Companies", "ESG" and "Income".

Delivering these types of solutions in a cost-effective manner requires scale across all asset classes, which few investment managers can achieve. The merger of the SLI Group and Aberdeen ensures that our combined asset management capabilities have the required scale to deliver market-leading solutions. Following the merger, we have recently formed the "Aberdeen Standard Investments Research Institute" to ensure our macro-economic expertise is leveraged across all asset classes. We will also continue to invest in technology and improved capabilities in areas such as artificial intelligence and machine learning in order to deliver improved service and outcomes for our clients.

We continue to enhance our capabilities through organic and inorganic growth, focusing on addressing key strategic and capability gaps. This was demonstrated by Aberdeen Standard Investments' recently announced acquisition of ETF Securities' US business, which will enable us to grow our existing smart beta capability by launching strategies within an ETF vehicle structure. We have also added to our private markets capability over the last six months.

Overview of the Retail Platforms, 1825 and our direct-to-consumer offering

Standard Life Aberdeen will retain its market-leading Retail Platforms as well as 1825. Standard Life Aberdeen will therefore remain the UK's largest provider of adviser platforms with £58 billion of aggregate AuA across the Retail Platforms.

⁷ Expected to reduce to 30.03% as a result of the sale of some of its shares when the first phase of the HDFC AMC IPO (described below) is completed.

The Retail Platforms and 1825, together with the proposed alliances with the Phoenix Group and Virgin Money, offer Standard Life Aberdeen proximity to Retail customers at a time when individuals are becoming increasingly responsible for their own saving needs and the need for financial advice continues to grow. These highly attractive structural growth trends, combined with the Retail Platforms' market-leading propositions, have led to strong asset flows into Standard Life Aberdeen's retail platforms and 1825, with organic net inflows of between 18% and 26% of opening AuA in each of the last five years to the year ended 31 December 2017 and an AuA CAGR of 35% over the same period. This has increased revenue from £58 million to £182 million over the same period, a CAGR of 26%.

Given the growing importance of the Retail channel, Standard Life Aberdeen will continue to invest in extending access to its Retail Platforms, including developing more comprehensive direct-to-customer capabilities for the non-advised market, in partnership with leading retail brands as demonstrated by the recently announced joint venture with Virgin Money. Standard Life Aberdeen will also work with the Phoenix Group to explore a direct-to-consumer proposition for customers of the Enlarged Phoenix Group.

Standard Life Aberdeen continues to grow 1825, which offers a full financial planning and personal tax advice service through its 78 investment professionals operating out of 11 cities across the UK. Offering a wide range of investment options, supported by investment experts and technology, clients are able to access support how and when they need it.

In addition to enhancing the investment management relationships that Aberdeen Standard Investments has with UK Wholesale customers such as private banks and third party investment platforms, our strategy is to focus on retail propositions making use of Standard Life Aberdeen's electronic platforms, financial advice and investment solutions to serve independent financial advisers as well as advised and non-advised customers.

While the Retail Platforms have grown strongly, we believe that their profitability can be improved in the medium term due to the scalability of the operations and the scope for further efficiency optimisation. The separation of these businesses from the Transferring Group will increase our focus on their development and cost base, including investment in and operation of technology.

Overview of participating investments in India, China and Phoenix

Following Completion, the Standard Life Aberdeen Group will have four participating associate or joint venture investments of scale:

- HDFC Life, a leading Indian life insurance company offering a range of individual and group insurance solutions. We believe India remains a highly attractive geography as one of the fastest growing economies in the world. Demographic factors such as a growing middle class, young insurable population and increasing awareness of the need for protection and retirement planning are anticipated to support the growth of the life insurance and pensions industry in India. As at the Latest Practicable Date, the market capitalisation of HDFC Life was £11.0 billion. Standard Life Aberdeen currently holds a 29.3% stake, valued at £3.2 billion.
- Standard Life Aberdeen has an asset management joint venture with its Indian partner, Housing Development Finance Corporation. HDFC AMC is one of India's largest mutual fund companies. It manages a range of mutual funds and provides portfolio management and advice services. The board of directors of HDFC AMC has initiated the process of an IPO of the company, and Standard Life Aberdeen's stake of 37.98% is expected to reduce to 30.03% as a result of the sale of some of its shares when the first phase of the IPO is completed.

- HASL is a leading Chinese life, saving and protection business. Standard Life Aberdeen is currently in the course of merging its Hong Kong based business with HASL to create a whole of China business. The Chinese insurance market has grown in recent years to become the third largest in the world and we believe that the prospects for future growth are excellent, driven by an expanding middle class and wealthy population who are living longer. Through its extensive sales network and product range, HASL is well positioned to meet this need. Standard Life Aberdeen owns 50% of the business.
- The Phoenix Group is a long-standing partner of the Standard Life Aberdeen Group and the proposed Sale is expected to broaden and deepen this relationship. As described above, Standard Life Aberdeen will participate in the Phoenix Group's expected future growth both through its approximate 19.99% stake in Phoenix (valued at £1.0 billion based on the Phoenix share price as at the Latest Practicable Date) and through the right of first refusal for investment management mandates on new assets acquired by the Phoenix Group.

Through the development of deeper business relationships and the growth potential of each of these businesses, we believe we can generate attractive returns for our Shareholders. To accelerate these developments, we are establishing a dedicated team of executives to oversee these valuable investments. This team will report to Keith Skeoch.

7. Focused on integration and separation

Our near-term priorities are:

- managing the integration of the asset management business and the separation of the Transferring Group as part of the Sale to Phoenix; and
- building on our revised operating model, to continue to deliver on our organic growth strategies.

Given the level of change across the Standard Life Aberdeen Group, a programme of separation work has been set up to minimise disruption to the development of our businesses and relevant colleagues and to ensure that these important activities can progress concurrently.

As a result, the integration of Aberdeen and the SLI Group is being run as a distinct programme to the separation of the Transferring Group from Standard Life Aberdeen. The integration is being led by Andrew Laing, Head of Integration. The separation programme (which will help define the nature of the future working relationship between Standard Life Aberdeen and the Phoenix Group) is being led by Colin Walklin, Group Chief Operating Officer.

A third programme has been mobilised to help determine and deliver the new operating model for the Retained Group with a focus on simplifying its structure and its efficiency of focus on key markets and its operations. This refined operating model is expected to be embedded over the next two years and is being sponsored by the Co-Chief Executives.

To ensure that these three programmes of work are aligned and progressing to plan, they are being governed by a Standard Life Aberdeen Transformation Steering Committee, chaired by the Co-Chief Executives.

Standard Life Aberdeen estimates that one-off costs relating to the separation of the Transferring Group will be in the region of £250 million.

8. Financial effects of the Sale

The financial effect of the Sale at Completion is expected to include:

- the receipt of the Cash Consideration as detailed in section 2 of this Part I (*Letter from the Chairman*);
- relevant one-off separation costs as described above;
- recognition of a one-off IFRS gain on the Sale in the consolidated income statement. The magnitude of the gain will be dependent on the net asset value of the Transferring Group and the share price of Phoenix at Completion, and will be net of transaction and separation costs; and
- Standard Life Aberdeen's shareholding in Phoenix, which will be recognised as an investment in an associate.

The earnings of the Retained Group will reflect a reduction from the Sale (see Part X (*Historical Financial Information for the Transferring Group*) for further information) partially offset by an increase from the approximate 19.99% share of the profits of Phoenix.

The Sale, taken together with the proposed B Share Scheme and Share Capital Consolidation, the Share Buyback Programme, the additional expected earnings from the Retained Group's approximate 19.99% stake in Phoenix and the announced efficiency benefits arising from the revised operating model of the Retained Group, is expected to be accretive to earnings per share from 2020.

Part XI (*Unaudited Pro Forma Financial Information*) sets out an unaudited pro forma statement of net assets as if the Sale had completed as at 31 December 2017.

9. Dividends

Following the Sale, Standard Life Aberdeen will continue to pursue a progressive dividend policy, by reference to the per share dividend paid in recent years, taking account of market conditions and the Standard Life Aberdeen Group's financial performance at the time. As a result of the proposed Share Capital Consolidation in connection with the Return of Capital, the number of Standard Life Aberdeen Shares in issue will reduce, such that the aggregate cost of the dividend will reduce.

The Standard Life Aberdeen Group intends to announce its 2018 interim dividend, the amount of which has yet to be determined, together with the Standard Life Aberdeen Group's interim results for 2018, on 7 August 2018.

10. Management, employees and governance

Appointments to the Phoenix board of directors

The Relationship Agreement allows Standard Life Aberdeen to appoint two directors to the Phoenix board of directors (for so long as Standard Life Aberdeen's shareholding in Phoenix is at least 15%). Standard Life Aberdeen's nomination and governance committee is considering who would be the most appropriate candidates to nominate as its appointee directors, and will make its proposals to the Standard Life Aberdeen Board. Following Standard Life Aberdeen Board approval, these appointments will be made on Completion, subject to the satisfactory conclusion of all relevant regulatory requirements.

Appointments to the board of directors of SLAL and the Phoenix Group Life Companies

The Share Purchase Agreement provides that Standard Life Aberdeen must procure that all directors and company secretaries of the Transferring Group companies resign with effect at Completion unless Phoenix

requests that they continue in office. While not part of the contractual arrangements, Standard Life Aberdeen is working with Phoenix to consider whether any of the current SLAL board members should, on account of their knowledge and expertise of SLAL's business, serve as directors of any of the Phoenix Group Life Companies post-Completion.

SLAL committees and the Standard Life Master Trust

With Profits Committee

FCA regulations require that a firm's with profits governance arrangements should make provision for independent judgement and advice in relation to matters relevant to the with profits fund and with profit policyholders. As such, the SLAL board of directors has established a with profits committee for this purpose (the "SLAL WPC"). The members of the SLAL WPC are independent of SLAL.

Independent Governance Committee

The SLAL independent governance committee (the "SLAL IGC") was established in 2015, and acts solely in the interests of scheme members by providing credible and effective challenge on the value for money of workplace personal pension schemes. The majority of the SLAL IGC is independent.

Standard Life Master Trust Co

Standard Life Master Trust Co was established in 2015. Its role is to act as trustee and to work in the interests of members of the Standard Life Defined Contribution Master Trust and Stanplan, both of which are trust-based pension schemes designed for multiple employers. The directors of Standard Life Master Trust Co are independent of SLAL. Phoenix does not currently have a master trust and has agreed that Standard Life Master Trust Co will continue performing its current functions post-Completion.

Effect of the Sale on remuneration measures and targets

In the Remuneration Committee Chairman's statement prefacing the Directors' Remuneration Report (the "DRR") published in the Standard Life Aberdeen 2017 Annual Report on 23 February 2018, it was confirmed that the remuneration committee of Standard Life Aberdeen (the "Remuneration Committee") would review the impact of the Sale on remuneration measures and targets set for the 2018 and in-flight incentive arrangements. The Remuneration Committee proposes to make limited amendments (described below), which are intended to ensure that these measures and targets are properly aligned with the structure of the business and that achievement of performance outcomes is neither materially more nor materially less challenging than would have been the case in the absence of the Sale.

As the final restatement for some of the metrics will be dependent on calculations up to the date of Completion, it is not possible to confirm the updated target ranges at this stage; however, the Remuneration Committee has set out below the intended approach to the restatement of the target ranges.

2018 scorecard financial performance metrics

The Remuneration Committee proposes that the 2018 scorecard financial performance metrics, which were disclosed in the DRR (at page 102 of the Standard Life Aberdeen 2017 Annual Report), will be amended as set out below.

The following metrics will be measured (i) from the start of the performance period to the date of Completion using the existing targets and (ii) for the remainder of the performance period by reference to targets that are adjusted to reflect the Sale:

- adjusted profit before tax (excluding spread/risk margin);

- gross new business flows (all channels); and
- net new business flows (growth channels only).

The Remuneration Committee will also consider the cost/income ratio target based on a similar adjustment of the applicable targets by reference to the business mix before and after Completion.

The investment performance target will be unaffected by the Sale and will remain as published in the DRR as follows:

- threshold performance – 50%;
- target performance – 60%; and
- stretch performance – 70%.

For those 2018 scorecard targets that will require restatement, the Remuneration Committee will disclose the revised targets as soon as practicable following Completion (via an RIS announcement) and within the Directors' Remuneration Report for the year ended 31 December 2018 (to be published in 2019).

Underpin performance conditions applied to deferred variable pay awards

As set out in the DRR, all of the deferred awards made to executive directors for the duration of the Executive Incentive Plan will be subject to underpin performance conditions measured over a three-year period. These post-award underpin measures will be unaffected by the Sale and will be applied in accordance with the principles set out in the DRR. The relevant measures will be calibrated by reference to business plans for 2019 and later years, which will reflect the Retained Group's business following Completion. In particular,

- **Investment performance** – As the annual investment performance scorecard performance metric will remain unchanged, as detailed above, the investment performance underpin will continue to be calculated at the end of each financial year in the three-year underpin period (2019-2021), with the average of the three years' results required to be at or above 55% of AuM by value to be outperforming its benchmark; and
- **Return on adjusted equity** – The underpin will continue to require return on adjusted equity, calculated as the average rate over the three-year underpin period (2019-2021), to be 17% or higher.

Other schemes

For outstanding in-flight long-term incentive awards, the Remuneration Committee will review the targets to remove budgeted profit/flows for the business transferring to Phoenix as part of the Sale on an appropriate basis and consult with Shareholders as appropriate.

11. Transferring Group Brexit planning

The Standard Life Aberdeen Group has been undertaking preparations for Brexit following the United Kingdom's vote to leave the EU in June 2016, and these will continue in the period to Completion. These preparations are aimed at preserving the ability of the Transferring Group to write new insurance business in Germany, Austria and Ireland via Standard Life International DAC (SLIDAC), a member of the SLAL Group based in Ireland, and to continue to be able to service existing customers in these markets

following the United Kingdom's withdrawal from the EU. These preparations involve enacting a proposed transfer of branch business to SLIDAC pursuant to Part VII of FSMA, with a material capital injection into SLIDAC expected in 2019 to support its resulting increased capital requirement.

Given that these Brexit-related planning activities largely relate to the Transferring Group, the responsibility for completion of these preparations and the provision of the expected capital injection will also transfer to Phoenix upon Completion. Phoenix is fully supportive of the Standard Life Aberdeen's proposed approach for Brexit, and are actively working together with Standard Life Aberdeen on these preparations.

12. Effect on the Standard Life Staff Pension Scheme

Standard Life Aberdeen will retain the Standard Life Staff Pension Scheme post-Completion. Standard Life Aberdeen has carefully considered the impact of the Sale, the B Share Scheme, and the Share Buyback Programme on the Standard Life Staff Pension Scheme and has concluded, with the benefit of expert professional advice, that having regard to all the prevailing circumstances it is reasonable to conclude that these transactions would not detrimentally affect in a material way the likelihood of accrued Scheme benefits being received. The Scheme trustees have confirmed that they have reached the same conclusion. Standard Life Aberdeen has notified the Pensions Regulator of this conclusion. The Scheme trustees have also confirmed that these transactions will not cause them immediately to change the investment strategy or seek to change the Scheme funding. Standard Life Aberdeen has, nevertheless, agreed contractually with the Scheme trustees, subject to Completion, to collaborate with the Scheme trustees in a long-term de-risking programme and to extend the existing guarantee from Standard Life Aberdeen of the participating employers' obligations to the Scheme to 31 December 2065. The guarantee would otherwise expire on 31 December 2035.

13. Update on investment management agreements between Aberdeen and the Lloyds Group

On 15 February 2018, Standard Life Aberdeen announced that relevant members of the Lloyds Group had sent Standard Life Aberdeen a notice on 14 February 2018 purporting to terminate the long-term asset management arrangements between them covering, in aggregate, around £109 billion of AuM at the end of a 12-month notice period. The annual revenue associated with the AuM is approximately £129 million or around 4.4% of Standard Life Aberdeen's financial year 2017 pro forma revenue.

Standard Life Aberdeen has informed the relevant members of the Lloyds Group that it does not agree that, following the merger of Aberdeen and Standard Life, the Standard Life Aberdeen Group was in material competition in the UK with the Lloyds Group and that, therefore, Standard Life Aberdeen does not consider that the relevant members of the Lloyds Group have the right to terminate the arrangements. The parties are engaging with each other within the framework of the dispute resolution process envisaged in the arrangements.

14. Information on the Transferring Group

SLAL is a leading provider of long-term savings and investment propositions, based in the UK, with operations in Ireland, Germany and Austria, serving around 4.5 million customers and clients. The businesses transferring to the Phoenix Group as part of the Sale comprise:

- spread/risk book – products providing a guaranteed level of income for customers in return for an investment, for example, annuities;
- UK mature retail – a business that was predominantly written before demutualisation;

- UK retail (excluding the Retail Platforms and 1825);
- UK workplace – the design and development, policy administration and operational support for pensions, savings and benefits products for UK employers and their employees; and
- Europe – pensions and savings businesses in Ireland, Germany and Austria.

Aberdeen Standard Investments will continue to manage £110.5 billion of AuM on behalf of the Transferring Group (in addition to the £48 billion of AuM currently managed on behalf of Phoenix), while the Enlarged Phoenix Group will continue to provide and administer products for the Retail Platforms, representing £24.5 billion AuA comprising largely SIPPs and offshore bonds.

15. General Meeting

The Sale, if completed, is of sufficient size relative to Standard Life Aberdeen to constitute a class 1 transaction for Standard Life Aberdeen under the Listing Rules. As such, the Sale is conditional upon the approval of Shareholders at the General Meeting, and is also conditional upon, inter alia, approval of Phoenix Shareholders, and relevant regulatory approvals from the PRA, the FCA, the CBI and other regulators/authorities. Implementation of the B Share Scheme, Share Capital Consolidation and certain related matters also requires the approval of Shareholders. A General Meeting is to be held at the EICC, Morrison Street, Edinburgh EH3 8EE at 11 a.m. on Monday 25 June 2018 to seek Shareholder approval. A notice convening the General Meeting is set out at the end of this Circular.

16. Actions to be taken

Your support is important to us. Please read the notes to the Notice of General Meeting on pages 128-129 of this Circular for an explanation of how to attend and vote at the General Meeting, including how to appoint a proxy to attend and vote on your behalf.

If you have any queries relating to this Circular or attending and voting at the General Meeting, please telephone Standard Life Aberdeen Shareholder Services on 0345 113 0045, or +44 (0)20 3367 8224 if calling from overseas. The helpline cannot provide advice on the merits of the Sale or the Return of Capital or give any financial, legal or tax advice. Further contact details for Shareholders resident in other jurisdictions are set out below:

Ireland	+353 (1)431 9829
Germany and Austria	+49 (0)69 9753 3030
Canada	1-866-982-9939

Calls may be monitored and/or recorded to protect both you and us and to help with our training. Call charges will vary.

17. Further information

Your attention is drawn to the further information set out in Part II (*Questions and Answers relating to the Sale*) to Part XII (*Additional Information*) of this Circular. In particular, Shareholders should consider fully and carefully the risk factors associated with the Sale, which are set out in Part IV (*Risk Factors*).

18. Recommendation

The Standard Life Aberdeen Directors have received financial advice from J.P. Morgan Cazenove and Fenchurch in relation to the Sale and the related Return of Capital. In providing their financial advice to the

Standard Life Aberdeen Directors, J.P. Morgan Cazenove and Fenchurch have relied upon the Standard Life Aberdeen Directors' commercial assessment of the Sale and the related Return of Capital.

The Standard Life Aberdeen Board considers the Sale and the Return of Capital and each of the Resolutions, to be in the best interests of Standard Life Aberdeen and its Shareholders as a whole and unanimously recommends that Shareholders vote in favour of each of the Resolutions, as the Standard Life Aberdeen Directors intend to do in respect of their own individual beneficial holdings, which amount to 5,790,327 Standard Life Aberdeen Shares, representing approximately 0.19% of the Standard Life Aberdeen total issued ordinary share capital as at the Latest Practicable Date.

Yours sincerely,

Sir Gerry Grimstone

Chairman
Standard Life Aberdeen

PART II

QUESTIONS AND ANSWERS RELATING TO THE SALE

To help you to understand the proposed Sale, the following sets out some questions and provides brief answers. Shareholders should carefully read both the questions and the answers below and the Circular as a whole. In the event of any inconsistency between the contents of this Questions and Answers section and the contents of the other parts of this Circular, the other parts of this Circular shall prevail.

Q: What is being proposed?

A: We are proposing to sell our UK and European insurance business to Phoenix and the expansion of the existing long-term strategic partnership between Standard Life Aberdeen and the Phoenix Group. Standard Life Aberdeen will receive £2.28 billion⁸ in cash and an approximately 19.99% shareholding in Phoenix, representing a combined consideration of £3.28 billion (based on the Phoenix share price as at the Latest Practicable Date). It is proposed that we will return up to £1.75 billion of capital, with £1.0 billion returned by way of the B Share Scheme (with the accompanying Share Capital Consolidation), with the remaining up to £750 million returned by way of the Share Buyback Programme (subject to regulatory approval). Further details are set out in Part III (*Questions and Answers relating to the Return of Capital*).

Q: Why have you decided to sell to Phoenix?

A: The Standard Life Aberdeen Board believes the Sale is consistent with the strategy of building a world-class investment company and that the Sale will:

- accelerate our strategy to create a world-class investment company as well as completing the Standard Life Aberdeen Group's transformation to a fee-based, capital-light, business;
- significantly simplify the Retained Group and optimise its balance sheet, driving further efficiencies across our business;
- realise attractive value for the capital-intensive UK and European insurance business through the cash proceeds for the transaction and a strategic investment in Phoenix, the UK's pre-eminent closed life fund consolidator; and
- strengthen our financial position enabling Standard Life Aberdeen to accelerate its growth strategy through targeted investments, while maintaining its commitment to efficient capital management and a progressive dividend policy.

Q: What benefits will the partnership with Phoenix have for Standard Life Aberdeen?

A: The extended and enhanced strategic partnership with Phoenix will provide Standard Life Aberdeen with:

- long-term agreements supporting an aggregate £158 billion of AuM currently managed by Aberdeen Standard Investments on behalf of the SLAL Group and the Phoenix Group;
- the opportunity for incremental AuM, with £7.0 billion currently under review in relation to a possible transfer to ASI and the potential for additional mandates to follow (subject to normal commercial considerations and governance processes);

⁸ Inclusive of a £312 million dividend paid by Standard Life Assurance Limited to Standard Life Aberdeen in March 2018.

- a right of first refusal⁹ for investment management mandates on new assets that the Enlarged Phoenix Group acquires, providing scope for Aberdeen Standard Investments to benefit from the Enlarged Phoenix Group's future growth as it continues to consolidate insurance and long-term savings businesses in both the UK and Europe, and expands in the bulk purchase annuity sector; and
- an approximate 19.99% shareholding in Phoenix, bringing representation on the Phoenix board and allowing Standard Life Aberdeen to participate in the future growth of the Phoenix Group.

Q: What parts of the business are being sold?

A: The elements of the insurance business transferring to the Phoenix Group are:

- spread/risk book – products providing a guaranteed level of income for customers in return for an investment, for example, annuities;
- UK mature retail – a business that was predominantly written before demutualisation;
- UK retail (excluding the Retail Platforms and 1825);
- UK workplace – the design and development, policy administration and operational support for pensions, savings and benefits products for UK employers and their employees; and
- Europe – pensions and savings businesses in Ireland, Germany and Austria.

Q: What will the business retained by Standard Life Aberdeen look like?

A: Following Completion, Standard Life Aberdeen will organise itself by geography and channel to reflect the primary characteristics of our markets. It will maintain its focus on offering its investment management solutions, retail platforms and financial advice solutions to a full range of Institutional, Wholesale and Retail clients and customers either through its own distribution capabilities or through its alliances with strategic partners, including the Enlarged Phoenix Group.

Following Completion, the Retained Group will offer:

- across EMEA, the Americas and Asia-Pacific: active and quantitative investment management products and solutions to Institutional and Wholesale clients and customers manufactured and distributed under its “Aberdeen Standard Investments” brand; and
- in the UK:
 - “Aberdeen Standard Investments” branded investment management products and innovative solutions across a diverse range of asset classes either directly to Retail or Institutional clients or to Wholesale clients such as private banks and third party investment platforms; and
 - a range of leading asset administration and financial planning to Wholesale clients such as independent financial advisers and Retail (advised and non-advised) customers through the Retail Platforms, the “1825” financial advice business, our direct-to-consumer offerings, and our alliances with strategic partners such as the Phoenix Group and Virgin Money.

⁹ This right is subject to the satisfaction of certain commercial conditions, including capability and fee levels, and to certain applicable governance processes.

Standard Life Aberdeen will also own participating associate and joint venture investments in long-term savings and asset management businesses with substantial growth potential in India and China, as well as our shareholding in Phoenix.

The Standard Life Aberdeen Group is the largest provider of adviser platforms in the UK with £58 billion of AuA serving over 3,000 adviser firms. The UK Retail Platforms have grown AuA by 353% over the last five years, generating net flows of £24.6 billion at an annualised rate of AuA growth of 35%¹⁰.

1825 offers a full financial planning and personal tax advice service. Standard Life Aberdeen has acquired six adviser firms to date, broadening its reach across the country and bringing total assets under advice in 1825 to £3.6 billion.

These elements offer Standard Life Aberdeen access to Retail customers at a time when individuals are becoming increasingly responsible for their own saving needs and the need for financial advice continues to grow.

Q: Will the Retained Group look to use the proceeds of the Sale to pursue further mergers and acquisitions?

A: We are proposing to return substantially all of the cash proceeds realised from the Sale to Shareholders. We continue to enhance our capabilities through organic and inorganic growth, focusing on addressing key strategic and capability gaps.

Q: In what way will the Standard Life brand be affected?

A: Through our strategic partnership and service agreements, both Standard Life Aberdeen and Phoenix will work together to continue to build and maintain a strong Standard Life brand. While Standard Life Aberdeen will continue to own the Standard Life trademark, we will be providing continuity and stability of the Standard Life brand experience for customers and clients by licensing use of the Standard Life brand to the Enlarged Phoenix Group for all of the Standard Life business areas it acquires.

Q: Will I have a share in Phoenix following the Sale?

A: No, as a Standard Life Aberdeen Shareholder you will not be transferred Phoenix Shares as part of the Sale. However, Standard Life Aberdeen will have an approximate 19.99% shareholding in Phoenix for its own account, which we believe represents an attractive strategic investment for the Company.

Q: What am I being asked to approve with regards to the Sale?

A: Because of its size, the Sale constitutes a class 1 transaction under the Listing Rules for Standard Life Aberdeen and, as such, you are being asked to approve the Sale and to authorise Standard Life Aberdeen's Directors to take all actions necessary in connection with the Sale. The exact wording of the Sale Resolution is set out in full in the Notice of General Meeting, contained at the end of this Circular. You are also being asked to approve the B Share Scheme Resolution and the Share Buyback Resolution. Further details are set out in Part III (*Questions and Answers relating to the Return of Capital*).

Q: What regulatory approvals are required for the Sale?

A: The Sale and Standard Life Aberdeen's acquisition of an approximate 19.99% shareholding in Phoenix are both subject to, among other things, certain regulatory approvals. These include approvals from the PRA, the FCA and the CBI.

¹⁰ Figures for assets under administration in relation to the adviser platforms (including 1825) are stated as at 31 December 2017.

Q: What needs to happen for the Sale to complete?

A: If Shareholders approve the Sale at the General Meeting, a number of Conditions must be met before the Sale can proceed, including that:

- the Phoenix Shareholders approve the transaction;
- relevant regulatory approvals are sought and received; and
- Phoenix successfully completes its Rights Issue.

We currently expect Completion of the Sale to occur in the third quarter of 2018.

Q: How will the Sale affect my dividends?

A: The final dividend for the year ended 31 December 2017 is not affected. Following the Sale and subject to the approval of the Standard Life Aberdeen Board, we intend to continue with our progressive dividend per share policy. Whilst the amount of dividend per share received will not reduce as a result of the Sale, the absolute amount will reduce in proportion with the proposed Share Capital Consolidation which will reduce the number of shares in issue.

Q: How will my investments in Aberdeen Standard Investments' funds be affected?

A: The Sale is not expected to have any adverse effect or impact on the management of funds by Aberdeen Standard Investments.

Q: How do I vote?

A: We intend to hold a General Meeting at the EICC, Morrison Street, Edinburgh EH3 8EE at 11 a.m. on Monday 25 June 2018 to consider the Sale and to seek Shareholder approval. This Circular contains the Notice of General Meeting. It is important that you have your say. If you have been sent a Voting Form, please complete and return this by 6 p.m. on 21 June 2018 or visit www.standardlifeaberdeenshares.com to complete a Voting Form online.

PART III
QUESTIONS AND ANSWERS RELATING TO THE RETURN OF CAPITAL

To help you to understand the proposed Return of Capital, the following sets out some questions and provides brief answers. Shareholders should carefully read both the questions and the answers below and the Circular as a whole. In the event of any inconsistency between the contents of this Questions and Answers section and the contents of the other parts of this Circular, the other parts of this Circular shall prevail.

Q: What is being proposed in relation to the B Share Scheme?

A: Following Completion, we are proposing to return £1.0 billion in aggregate to Shareholders via a B Share Scheme. Shareholders will receive one B Share for each Existing Ordinary Share held at the Record Time. The exact amount to be returned on each Existing Ordinary Share will depend on the number of Standard Life Aberdeen Shares in issue at the Record Time. It is our current expectation that Shareholders will receive a minimum of 33.4 pence per Existing Ordinary Share as part of the B Share Scheme, and that the B Share Scheme will complete soon after Completion. Exact timings for the B Share Scheme, including the Record Time, will be notified to Shareholders by way of an RIS announcement on or around Completion.

We will send Shareholders a notification of their payment under the B Share Scheme, which will be based on the number of shares held at the Record Time. The payment will be made automatically by cheque, bank mandate or CREST transfer, depending upon the details held for each Shareholder.

The B Share Scheme will also be accompanied by a consolidation of the Existing Ordinary Shares (referred to as the “Share Capital Consolidation”).

Q: What is the purpose of the Share Capital Consolidation?

A: The purpose of the Share Capital Consolidation is to try to ensure that (subject to market fluctuations) the market price of each New Ordinary Share immediately following the completion of the B Share Scheme is approximately the same as the market price of each Standard Life Aberdeen Share immediately beforehand.

Shareholders will receive New Ordinary Shares in lieu of their Existing Ordinary Shares held at the Record Time. The Share Capital Consolidation ratio will be set by the Standard Life Aberdeen directors at the Record Time and will be notified to Shareholders via an RIS announcement. The Share Capital Consolidation will be calculated by dividing Standard Life Aberdeen’s market capitalisation less the value of the return of capital (£1.0 billion) at the Record Time, by Standard Life Aberdeen’s market capitalisation at the Record Time.

Following the Share Capital Consolidation, you will own the same proportion of Standard Life Aberdeen as you did before the Share Capital Consolidation, subject to fractional entitlements.

You do not need to take any action in relation to this. We will send you a notification of the number of New Ordinary Shares you hold once we complete the Share Capital Consolidation.

Q: What is my tax position if I live in the UK or Ireland?

A: If you are a UK or Irish tax resident Shareholder then the issue of the B Shares and the Share Capital Consolidation should be tax-neutral for ordinary investors. Depending on your circumstances, it is expected that the proceeds of the redemption of the B Shares should generally be treated as a capital receipt for tax purposes.

Please refer to sections 1 and 2 of Part VIII (*Taxation*) of this Circular for further information. In relaying the information it has received, Standard Life Aberdeen cannot take responsibility for the accuracy of such information and cannot itself advise Shareholders to take a particular course of action.

Q: What is my tax position if I live in Germany?

A: We have been advised that the issue of B Shares may be subject to withholding tax in Germany if shares are held with certain custodian banks or institutions, and the Share Capital Consolidation should be a tax neutral event for German tax purposes to the extent it qualifies as a reverse share split. Shareholders resident for tax purposes in Germany should therefore take advice on the Share Capital Consolidation and the issue of B Shares, in particular what obligations they may have with regard to such withholding tax.

Please refer to section 3 of Part VIII (*Taxation*) of this Circular for further information. In relaying the information it has received, Standard Life Aberdeen cannot take responsibility for the accuracy of such information and cannot itself advise Shareholders to take a particular course of action.

Q: What is my tax position if I live in Austria?

A: We have been advised that there is material uncertainty as to the tax treatment in Austria of the B Share Scheme. We have also been advised that the issue of the B Shares (as well as their redemption) may be subject to withholding tax in Austria.

Shareholders resident for tax purposes in Austria are strongly recommended to seek professional tax advice as to what taxable events the B Share Scheme will result in, the impact of these taxable events on that Shareholder's individual tax position and what obligations such Shareholders may have with regard to withholding tax or any other obligations under Austrian tax rules (in particular where no withholding tax applies).

Please refer to section 4 of Part VIII (*Taxation*) of this Circular for further information. In relaying the information it has received, Standard Life Aberdeen cannot take responsibility for the accuracy of such information and cannot itself advise Shareholders to take a particular course of action.

Q: What is my tax position if I live in Canada?

A: We have been advised that in the case of certain registered plans (namely a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered education savings plan, a registered disability savings plan, a tax-free savings account or a deferred profit savings plan) the B Share Scheme may have material adverse tax consequences for such registered plans unless they dispose of their Existing Ordinary Shares before the B Share Scheme takes effect.

Please refer to section 5 of Part VIII (*Taxation*) of this Circular for further information. In relaying the information it has received, Standard Life Aberdeen cannot take responsibility for the accuracy of such information and cannot itself advise Shareholders to take a particular course of action.

Q: What is my tax position if I live in the US?

A: US investors should generally not recognise any gain as a result of the Share Capital Consolidation (other than gain that may be recognised on any payments received for fractional entitlements to New Ordinary Shares) and should recognise dividend income on the B Share Scheme. In addition, Standard Life Aberdeen may have been in a prior year or may presently be a passive foreign investment company (a "PFIC") for US federal income tax purposes due to the composition of its assets and the nature of its

income. If Standard Life Aberdeen is or was a PFIC, US investors may be subject to significant adverse US federal income tax consequences including additional taxes and interest charges as a result of the Share Capital Consolidation and B Share Scheme.

Please refer to section 6 of Part VIII (*Taxation*) of this Circular for further information. In relaying the information it has received, Standard Life Aberdeen cannot take responsibility for the accuracy of such information and cannot itself advise Shareholders to take a particular course of action.

Q: What is my tax position if I live in a different country from those listed above?

A: Shareholders who are subject to taxation in a jurisdiction other than the UK, Ireland, Germany, Austria, Canada or the US, or who are in any doubt as to their tax position, should consult their own independent professional adviser since the tax consequences of the B Share Scheme and the Share Capital Consolidation may vary for such Shareholders.

Q: What will happen to the value of my shareholding?

A: The total amount returned to you by way of the B Share Scheme plus the total value of your holding of New Ordinary Shares should, subject to market fluctuations, approximately equal the total value of your current holding of Existing Ordinary Shares.

By way of example, this effect is illustrated below and is worked out on the basis that the Share Capital Consolidation and the issue and redemption of the B Shares had taken place when the prevailing price for each Standard Life Aberdeen Share was 367.4p.

Number of Existing Ordinary Shares held at the Record Time	Value of existing shareholding (based on 367.4p share price)	Number of New Ordinary Shares you would receive (based on ratio of 10 for 11)	Value of new shareholding	Proceeds under the B Share Scheme	Fractional entitlement	Fractional entitlement (to be paid net of expenses)	Total value post return of capital and share consolidation
100	£ 367.40	90	£ 330.66	£ 33.40	£3.34	£3.34	£ 367.40
500	£1,837.00	454	£1,668.00	£167.00	£2.00	£0.00	£1,835.00

The numbers used in this example are approximate, rounded for ease of presentation and illustrative only.

While the number of shares that you hold will be reduced, you will continue to own broadly the same proportion of Standard Life Aberdeen.

If you hold your Existing Ordinary Shares in certificated form, you will be issued with a new share certificate in respect of your New Ordinary Shares following the issue of New Ordinary Shares. Your existing share certificate should then be destroyed.

If you hold your Existing Ordinary Shares through the Standard Life Aberdeen Share Account, your account will be credited with New Ordinary Shares. We will send you a statement showing the number of New Ordinary Shares you have been credited with. If you hold your Existing Ordinary Shares in uncertificated form, your CREST account will be credited with your New Ordinary Shares.

Q: What if I sell or transfer or have sold or transferred all or some of my Existing Ordinary Shares?

A: You will only be eligible to participate in the B Share Scheme in respect of the Existing Ordinary Shares you hold at the Record Time.

PART IV RISK FACTORS

Prior to making any decision to vote in favour of the Sale Resolution at the General Meeting, Shareholders should consider the factors and the risks associated with the Sale, together with all other information contained in this Circular, including, in particular, the risk factors described below. The risks disclosed are those that: (i) are material risks to the Sale; (ii) will be material new risks to the Retained Group as a result of the Sale; or (iii) are existing material risks for the Standard Life Aberdeen Group that will be impacted by the Sale.

The following is not an exhaustive list or explanation of all the risks that may affect the Standard Life Aberdeen Shares or the Standard Life Aberdeen Group. Additional risks and uncertainties relating to the Standard Life Aberdeen Shares and the Standard Life Aberdeen Group that are not currently known to the Standard Life Aberdeen Directors, or that the Standard Life Aberdeen Directors currently deem immaterial, may, individually or cumulatively, also have a material adverse effect on the business, financial results or financial condition and prospects of the Standard Life Aberdeen Group, and, if any such risk should materialise, the price of the Standard Life Aberdeen Shares may decline and investors could lose all or part of their investment.

The order in which the following risk factors are presented does not necessarily reflect the likelihood of their occurrence or the relative magnitude of their potential material adverse effect on the Standard Life Aberdeen Group's business, financial results, financial condition and/or prospects or the market price of the Standard Life Aberdeen Shares.

PART A - RISKS RELATING TO THE SALE

1. Completion of the Sale is subject to a number of conditions that may not be satisfied or waived

Completion is conditional upon, in each case by the Long Stop Date: (i) Standard Life Aberdeen and Phoenix obtaining the relevant approvals and clearances from the appropriate competition authorities in the UK and Ireland; (ii) Standard Life Aberdeen and Phoenix completing the relevant regulatory notifications and/or obtaining the relevant regulatory approvals from regulatory authorities in the UK and Ireland; (iii) receipt of approvals from Standard Life Aberdeen Shareholders and from the shareholders of Phoenix; (iv) the Phoenix Admission of the Rights Issue Shares and receipt by Phoenix of the proceeds of the Rights Issue; and (v) the completion of the Reorganisation Share Transfers.

There is no guarantee that the conditions will be satisfied (or waived) in the necessary time frame and the Sale may, therefore, be delayed or may not complete at all. Delay in completing the Sale will prolong the period of uncertainty for the Standard Life Aberdeen Group, its customers and employees (including members of management). Such delay may also result in the accrual of additional costs to the businesses carried out by the Standard Life Aberdeen Group without any of the potential benefits of the Sale having been achieved. In addition, the Standard Life Aberdeen Group's management and employees would have spent time in connection with the Sale, which could otherwise have been spent more productively in connection with the other activities of the Standard Life Aberdeen Group. The satisfaction of these conditions and completion of the Sale in compliance with the terms of the Share Purchase Agreement will also be subject to the receipt of corporate approvals and authorities from various members of the Standard Life Aberdeen Group and the Phoenix Group required in connection with the Sale and other steps to be completed by the parties in connection with the Sale that are not conditions to Completion (including the Reorganisation and the repayment by the Transferring Group of £0.8 billion of inter-company debt).

2. *A break fee may be payable by Standard Life Aberdeen*

Standard Life Aberdeen may be required under the terms of the Share Purchase Agreement to pay a break fee to Phoenix to compensate Phoenix for non-Completion if the Share Purchase Agreement is terminated in circumstances where: (i) the General Meeting is not convened and held by 30 November 2018; or (ii) the Standard Life Aberdeen Directors qualify, change or withdraw their recommendation prior to or at the General Meeting, and the Shareholders do not approve the Sale Resolution.

3. *Warranties, indemnities, undertakings and termination rights in the Share Purchase Documents could have a financial effect on Standard Life Aberdeen*

The Share Purchase Documents contain warranties, indemnities and undertakings given by relevant members of the Standard Life Aberdeen Group in favour of relevant members of the Phoenix Group, details of which are set out in Part V (*Principal Terms and Conditions of the Sale*) of this Circular. Certain of the warranties in the Share Purchase Agreement will be repeated at Completion by reference to the circumstances applicable at the time of Completion. Any liability to make a payment arising from a successful claim by relevant members of the Phoenix Group under the relevant provisions of the Share Purchase Documents would reduce the net sale proceeds and could have a material adverse effect on the financial condition of the Standard Life Aberdeen Group, and, if the Sale completes, the Retained Group. The Share Purchase Agreement also contains termination rights that can be exercised in certain circumstances.

4. *The pre-Completion Reorganisation of the SLAL Group businesses could cost more than is expected and cause disruption to the business of the Standard Life Aberdeen Group*

Standard Life Aberdeen will need to undertake the Reorganisation in advance of Completion to prepare the SLAL Group for the Sale. The Reorganisation will be complex and will involve the transfer of various entities, people, property, contracts and business systems and data. The Reorganisation will involve the incurring of costs for the Standard Life Aberdeen Group, and there is a risk of additional costs that have not been anticipated. There is the risk that the Reorganisation Share Transfers (which are a Condition to Completion) may not be completed in advance of the Long Stop Date, which could prevent Completion. There is also a risk that the Reorganisation may be disruptive to the Standard Life Aberdeen Group and, if the Sale completes, to the Retained Group, both up to and beyond Completion; this risk would be exacerbated if the Reorganisation is not sufficiently advanced ahead of Completion.

5. *The Sale could cause internal disruption to the business of the Standard Life Aberdeen Group and impact talent management and retention*

During the period between Announcement and Completion there could be disruption to the business of the Standard Life Aberdeen Group. Key personnel, including senior management, could be distracted from their day-to-day roles and the ongoing integration of Standard Life and Aberdeen, as a result of having to focus their efforts on the delivery of the Sale and any related activities post-Completion. Additionally, the prospect of the Sale could lead to certain employees of the Standard Life Aberdeen Group experiencing uncertainty about their future, thereby having an adverse effect on their performance. Such uncertainty may also have an effect on the recruitment and retention of key personnel. If these risks are not managed effectively, the business and financial results of the Standard Life Aberdeen Group and, if the Sale completes, the Retained Group, could be adversely affected. If this were to adversely affect customer outcomes, there could be financial and reputational consequences for the business, including regulatory censure. The risk of disruption could be further increased by the Reorganisation.

PART B - NEW RISKS RELATING TO THE RETAINED GROUP

1. *The Retained Group's operations will be less diversified and will be much more dependent on the performance of the relevant members of the Retained Group*

The Standard Life Aberdeen Group's business currently comprises the Aberdeen Standard Investments asset management business and a pensions and savings business. Following Completion, the Retained Group will primarily be an investment manager, and it will retain its Retail Platforms, as well as 1825, its financial advice business (in addition to its Indian and Chinese joint ventures). The Retained Group's business will, as a result, be less diversified and will be much more reliant on its investment management business. Consequently, the Retained Group will be much more susceptible to the risks relating to investment performance and to investment management businesses generally and will no longer benefit from the diversification provided by the SLAL Group, although it will retain exposure to the risks relating to the insurance industry through the ongoing management of insurance assets on behalf of clients including the Enlarged Phoenix Group, and through its holding of the Consideration Shares and its investments in HDFC Life and HASL. Weak performance in the businesses of the Retained Group, including poor investment performance, and any factors adversely affecting the investment management industry generally will likely have a greater adverse effect on the financial condition of the Retained Group than before the Sale. There is also a potential risk that the Retained Group could have its credit rating downgraded as a result of it being less well diversified than before Completion (which could increase the Retained Group's external funding costs). The performance of the Retained Group will also depend in part on the ability to realise the anticipated benefits and efficiency savings referred to in section 3 of Part I (*Letter from the Chairman*) of this Circular, and the ability of the Retained Group to successfully implement the new operating model, and an inability by the Retained Group to do so may have an adverse effect on the financial condition of the Retained Group.

2. *The value of Standard Life Aberdeen's holding of the Consideration Shares is dependent on the financial performance of the Enlarged Phoenix Group*

At Completion, Standard Life Aberdeen will directly hold approximately 19.99% of the issued share capital of the Enlarged Phoenix Group. As a result of Standard Life Aberdeen's direct and (due to its investment management business) indirect shareholding in Phoenix, Standard Life Aberdeen and Phoenix will be "acting in concert" for the purposes of the Takeover Code, and Standard Life Aberdeen will be a "related party" of Phoenix for the purposes of Listing Rule 11. The value of the Consideration Shares and the expected value attributable to the strategic partnership with the Enlarged Phoenix Group (including additional investment management mandates) will derive from, inter alia, the performance of the business of the Enlarged Phoenix Group, the ability of the Enlarged Phoenix Group to execute its strategy of acquiring closed life fund companies, the achievement of the benefits from the strategic alliance between Standard Life Aberdeen and the Enlarged Phoenix Group, the competitive environment in which the Enlarged Phoenix Group will operate, the exposure of the Enlarged Phoenix Group to the risks associated with the management and acquisition of closed life pension funds and the operation of a pensions and long-term savings business, including legal and regulatory risks and changes to the applicable law and regulatory regime, the realisation of cost and capital synergies, any adverse changes in experience versus actuarial assumptions, the impact of any further concentration in the policy administration outsource industry, any significant counterparty failure and market conditions and associated risks generally. Standard Life Aberdeen's return from the Consideration Shares (while it holds the Consideration Shares) will be through dividends and other distributions paid by the Enlarged Phoenix Group, and the ability of the Enlarged Phoenix Group to distribute such dividends will also be affected by the above factors. There is also a risk that Standard Life Aberdeen's direct interest in Phoenix could also be diluted post-Completion, in situations where Phoenix raises finance via an equity offering in which Standard Life Aberdeen does not participate.

3. *Restrictions under the Relationship Agreement could have a material adverse effect on the financial condition of the Retained Group and could lead to a failure by the Retained Group to deliver the best client and customer outcomes*

Pursuant to the Relationship Agreement (described in more detail in Part V (*Principal Terms and Conditions of the Sale*) of this Circular), Standard Life Aberdeen will not be able to sell any of its shares in Phoenix during the 12-month period following Completion (this restriction does not apply to shares held by the Standard Life Aberdeen Group for investment purposes in the ordinary course of business in its role as investment manager or bare nominee, custodian or trustee on behalf of a customer). The Standard Life Aberdeen Group will also be prevented from: (i) increasing its direct aggregate shareholding in Phoenix above 24.9% (apart from in limited circumstances); and (ii) increasing its shareholding (when aggregated with the shares it holds for investment purposes in the ordinary course of business in its role as investment manager or bare nominee, custodian or trustee on behalf of a customer) to 30% or above. These restrictions limit the flexibility of the Standard Life Aberdeen Group in relation to its direct and indirect shareholding in Phoenix. There is a risk that such restrictions will prevent the Standard Life Aberdeen Group from taking such actions in respect of its shareholding that it would otherwise take (as a result of prevailing market conditions, the performance of the Phoenix Group or otherwise). Such restrictions could have a material adverse effect on the value of the Consideration Shares. The restrictions could also impact the ability of Aberdeen Standard Investments, as an investment manager, to obtain the best results for its customers in relation to the acquisition or disposal of Phoenix Shares.

4. *A failure by Standard Life Aberdeen to deploy the Cash Consideration effectively could have a material adverse effect on the financial condition of the Retained Group*

At Completion, Standard Life Aberdeen will receive the Cash Consideration. The benefit and value to the Shareholders from the receipt by Standard Life Aberdeen of the Cash Consideration will be dependent on the ability of Standard Life Aberdeen to deploy effectively the Cash Consideration remaining after the repayment of transaction costs. This is currently expected to include the B Share Scheme and the Share Buyback Programme, and the deployment of a share of the Cash Consideration towards the management of certain of the Standard Life Aberdeen Group's existing regulatory capital instruments (comprising the 2017 Notes, the 2012 Notes, the Perpetual Bonds and the MACS, for further information see section 10 of Part XII (*Additional Information*) of this Circular) to the extent that such instruments cease to have any regulatory capital benefit for the Retained Group upon Completion. If the Cash Consideration is not utilised effectively, there may be a material adverse effect on the Retained Group and its financial condition.

5. *The Retained Group will be more dependent on the Enlarged Phoenix Group as a key customer*

Following the Sale, the Enlarged Phoenix Group will be an even more significant customer of Standard Life Aberdeen than it is currently, with the Retained Group continuing to provide asset management services to the life companies within the Phoenix Group via the Phoenix IMAs, as well as providing investment management services to the Transferring Group, which after Completion will also be part of the Enlarged Phoenix Group, under the SLAL IMA. As a result, the success and profitability of the Retained Group will be reliant, to a significant extent, on the relationship with the Enlarged Phoenix Group. It will be important that the Retained Group successfully manages that relationship, including by performing the asset management services in accordance with the Phoenix IMAs and the SLAL IMA (as applicable). The Phoenix IMAs and the SLAL IMA will provide the Enlarged Phoenix Group with extensive rights both to terminate the asset management arrangements and to withdraw investment mandates from the Retained Group; they will also allow the Enlarged Phoenix Group to change investment mandates, including to lower margin asset classes. Any circumstances that result in the Enlarged Phoenix Group withdrawing investment management mandates from the Retained Group, amending its preferences as a recipient of asset management services (to products or services that are not supplied by Standard Life Aberdeen) or seeking

lower margins on investment mandates with the Retained Group could have a material adverse effect on the financial condition of the Retained Group and could also have reputational implications. The reliance on the Phoenix Group will be increased in the event Aberdeen Standard Investments loses AuM as a result of the recent purported notices served by members of the Lloyds Group seeking to terminate a number of existing asset management arrangements with Aberdeen Standard Investments. There is an additional risk that the Retained Group will not be appointed as the investment manager for additional assets that, it is currently envisaged, will be transferred to the management of Aberdeen Standard Investments as part of the strategic relationship with the Enlarged Phoenix Group, which could have a material adverse effect on the financial condition of the Retained Group.

6. *The Retained Group will be exposed to risks as a result of the ongoing Client Service and Proposition Agreement*

Under the Client Service and Proposition Agreement heads of terms (described in more detail in Part V (*Principal Terms and Conditions of the Sale*) of this Circular), the Transferring Group will provide certain workplace products, pension products and onshore and offshore bond products (the “**CSPA Products**”). Certain of these CSPA Products will be made available to customers by members of the Retained Group via the Wrap platform. A failure by the Transferring Group to continue to provide these products under the Client Service and Proposition Agreement would have a material adverse effect on the Retained Group and its customers and clients. Certain members of the Retained Group will also market and distribute the CSPA Products in the UK. There is a risk that the structure of the arrangements under the Client Service and Proposition Agreement may not prove attractive to existing customers and clients of the Transferring Group, and may prevent the generation of new business, and/or may result in the loss of existing business, which could have a material adverse effect on the financial condition of the Retained Group. There is also the risk that the separation of functions as a result of the Sale and the associated continuing relationship under the Client Service and Proposition Agreement will prove unpopular with third party suppliers to the Retained Group (including suppliers to the Wrap platform), which could have a material adverse effect on the financial condition of the Retained Group, and/or result in potential increased conduct risks for the Retained Group. Under the Client Service and Proposition Agreement in respect of workplace pension schemes using the workplace products, there will be a default investment solution mix, based on the overriding principle that a minimum proportion of the overall investment solution is with members of the Retained Group. There is a risk that the Retained Group will not distribute as many of the Transferring Group’s workplace products as is currently anticipated, or existing schemes using the workplace products will change their default investment solution mix, which could result in the Retained Group’s total AuM decreasing, or not increasing in line with current expectations. There is also a risk that the Retained Group could incur loss as a result of both the costs and the conduct risks associated with its obligations under the Client Service and Proposition Agreement and the conduct risks associated with the Retained Group continuing to distribute and/or administer certain of the CSPA Products on the Wrap platform. Conduct risk losses may include financial penalties, the need to pay redress to customers, regulatory fines, reputational damage and damage to the “Standard Life” brand or the “Aberdeen Standard Investments” brand.

The Retained Group will also be able, subject to applicable law, regulation, governance requirements and contractual arrangements, and subject to the receipt of customer consent, where required, to market certain products offered by the Retained Group to customers of the Enlarged Phoenix Group. Such marketing activities could be restricted or prohibited by applicable law, including if the Enlarged Phoenix Group fails to obtain the necessary customer consents in a manner that is compliant with the EU General Data Protection Regulation.

7. *The Retained Group could suffer a loss of business as a result of uncertainty or negative market sentiment regarding the Sale*

The Retained Group's success and results will be dependent on the strength of its brand and reputation. While the Standard Life Aberdeen Group is well recognised, it is, and will continue to be, vulnerable to adverse market, customer and client perception, including customer and client perception of the Retained Group if the Sale completes. There is a risk that customers and clients may choose to move assets away from the Retained Group due to a lack of confidence in the Retained Group, a lack of support for the Sale, concerns around the change in the strategic partnership and the reliance on the Enlarged Phoenix Group or the actual or perceived strategic and business priorities of the Retained Group or otherwise. There is the potential risk that any reduction in headcount brought about in seeking to realise the anticipated benefits and efficiency savings referred to in section 3 of Part I (*Letter from the Chairman*) of this Circular may have reputational repercussions for the Retained Group. There is also the risk that any uncertainty surrounding the Sale (including any lack of clarity regarding the timing of Completion) or any neutral or negative sentiment regarding the Sale from clients, customers, consultants, investment advisers or employees of the Standard Life Aberdeen Group, may also have a material adverse effect on the business, financial results and financial condition of the Standard Life Aberdeen Group before Completion, and the Retained Group following Completion.

8. *Continuing use of the "Standard Life" brand and certain trademarks by the Transferring Group following Completion could result in a detriment to the "Standard Life" brand*

A heads of terms for a trademark licence for the Transferring Group (as licensee) to continue using the "Standard Life" brand and certain of its trademarks that will be owned by the Retained Group, following Completion, has been agreed between the relevant entities in the Retained Group (as licensor) and Phoenix. Standard Life Aberdeen and Phoenix are working towards executing a full form trademark licence in advance of Completion. Part V (*Principal Terms and Conditions of the Sale*) of this Circular describes the trademark licence in further detail. As such, following Completion, an entity outside the Retained Group will be using the "Standard Life" brand and certain of its trademarks. There is a risk that the misuse of the brand and trademarks by members of the Transferring Group could have negative consequences for the Retained Group generally, and issues arising within the Enlarged Phoenix Group could have consequential reputational and financial repercussions for Standard Life Aberdeen because of the continued use by the Transferring Group of the "Standard Life" brand.

9. *The Retained Group will be exposed to risks associated with the ongoing provision of services under reciprocal transitional services arrangements, including IT failure and security risks arising from the provision of IT systems and support services by the Transferring Group to the Retained Group post-Completion*

Standard Life Aberdeen has agreed heads of terms for a reciprocal transitional services agreement pursuant to which: (i) the Retained Group will provide the Transferring Group with the use of or access to certain resources or services that will be retained by the Retained Group at Completion; and (ii) the Transferring Group will provide the Retained Group with the use of or access to certain resources or services that will be transferred as part of the Transferring Group at Completion. Although negotiations on a full form transitional services agreement are at an advanced stage, a final form of agreement is yet to be agreed, therefore there is a risk that Standard Life Aberdeen will be required by Phoenix to proceed to Completion without finalising the terms of the transitional services agreement. This could expose the Retained Group to business, legal and regulatory, conduct, operational and reputational risks that would otherwise be dealt with or mitigated by the agreement of a full form transitional services agreement. Such risks could have a material adverse effect on the financial condition and the operational functioning of the Retained Group.

The Retained Group will be reliant on the Transferring Group for the provision of such resources and services that are necessary for the continuing operation of the Retained Group's business, functions and

processes following Completion (despite the Transferring Group not being within the Retained Group) until separation is complete. In particular, there will be significant reliance by the Retained Group on the Transferring Group for the provision of a broad range of IT systems and support services that are critical to supporting the day-to-day operation of the Retained Group's business. If: (i) a full form transitional services agreement, containing adequate service descriptions and specific service levels, is not agreed in advance of Completion; or (ii) a transitional services agreement is agreed in advance of Completion but on contractual terms that are different from those that Standard Life Aberdeen would normally contract on, then in each case there is a risk that the Retained Group will not receive business-critical services (including a range of IT systems and support services that support the daily operation of the Retained Group) from the Transferring Group that are crucial for its day-to-day operations. A failure to receive such services could have a material adverse effect on the operation and functioning of the Retained Group, which may have a material adverse effect on the financial results, financial condition and the reputation of the Retained Group and the Retained Group's ability to provide the relevant services under the Client Service and Proposition Agreement.

The separation programme is likely to be a large, complex multi-year project. Even if a suitable full form transitional services agreement containing appropriate service level standards is agreed, notwithstanding the terms of such agreement, there is no guarantee that the relevant systems and services will continue to be delivered or operated, in practice in exactly the same way as they did pre-Completion. The IT systems and support services provided by the Transferring Group may not operate as expected, may not fulfil their intended purpose or may be damaged or interrupted by unanticipated increases in usage, human error, unauthorised access (such cyber risks including by way of hacking, viruses or other malware), natural hazards or disasters or similarly disruptive events, and there can be no guarantee that such issues will be resolved and remedied, with a consequent risk to the Retained Group's day-to-day operations. Any failure by the Transferring Group to provide the relevant services to the Retained Group (including the IT systems and support services) could have a material adverse effect on the operation and functioning of the Retained Group, which may have a material adverse effect on the financial results, financial condition and reputation of the Retained Group (and the outcomes for the Retained Group's customers and clients) following Completion and the Retained Group's ability to provide the relevant services under the Client Service and Proposition Agreement.

10. *The Retained Group will be exposed to market risk in relation to tendering for the MACS and Perpetual Bonds*

Pursuant to the Share Purchase Agreement, Standard Life Aberdeen is required to use commercially reasonable endeavours following Completion to complete a tender offer for each of the outstanding MACS and Perpetual Bonds (for further information see section 10 of Part XII (*Additional Information*) of this Circular). The successful completion of each tender offer will depend on prevailing market conditions, which may: (i) make the financial cost of such tender higher than currently expected, which would have a financial impact on Standard Life Aberdeen; or (ii) make the tender commercially inviable with the result that Standard Life Aberdeen would retain the outstanding MACS or Perpetual Bonds (as applicable) and a higher gross debt leverage than is currently anticipated. In the event that Standard Life Aberdeen is unable to successfully complete the tender offers, its obligations and potential liability under the provisions of the Share Purchase Agreement that relate to the MACS and the Perpetual Bonds (for further information see section 1 of Part V (*Principal Terms and Conditions of the Sale*)) will continue for so long as such instruments remain outstanding. Tendering the MACS and Perpetual Bonds at a higher price than is currently anticipated or being unable to successfully complete the tender offers, due to it being commercially inviable, could have a material adverse effect on Standard Life Aberdeen and its financial condition.

PART C - EXISTING RISKS TO STANDARD LIFE ABERDEEN THAT WILL BE IMPACTED BY THE SALE

1. *Standard Life Aberdeen's ability to pay dividends in the future is not guaranteed and will be impacted by the Sale*

The ability of Standard Life Aberdeen to continue to pay any future dividends in respect of the Standard Life Aberdeen Shares following the Sale will depend on a number of factors, including: the level of profit earned by the Retained Group; the amount of any dividend paid by the Phoenix Group to its shareholders (including Standard Life Aberdeen in respect of the Consideration Shares); the Retained Group continuing to meet its regulatory capital requirements; and the level of Standard Life Aberdeen's cash resources and distributable reserves out of which, as a matter of law, any proposed dividend may be paid. Additionally, any change in the tax or accounting treatment of dividends or investment income received by Standard Life Aberdeen may also reduce the amount available for distribution to Shareholders. The Standard Life Aberdeen Directors can give no assurances that they will be able to pay a dividend in the future.

2. *Changes in the prudential regulation of, and regulatory capital, liquidity and leverage requirements applicable to, the Standard Life Aberdeen Group may have a material adverse effect on the financial condition, results of operation and prospects of the Standard Life Aberdeen Group*

Currently, the Standard Life Aberdeen Group carries on material insurance business, predominantly through the SLAL Group. Standard Life Aberdeen is treated, by virtue of this business, as an insurance holding company for the purposes of Solvency II and, accordingly, the Standard Life Aberdeen Group is subject to prudential supervision by the PRA on a consolidated basis in accordance with the Solvency II Group Supervision requirements, as implemented or applicable in the UK.

Upon Completion, the scale of the Standard Life Aberdeen Group's insurance operations, and the number of insurance company subsidiaries in the Standard Life Aberdeen Group, will be significantly reduced. Based on the expected activities, business mix and legal structure of the Retained Group (in particular, the increased concentration of asset management business within the Retained Group), it is expected that the Retained Group will become subject to consolidated prudential supervision under CRD IV (and possibly, if considered appropriate, in accordance with additional prudential requirements for financial conglomerates), as implemented or applicable in the UK. In light of this anticipated change to the prudential consolidation of the Retained Group, Standard Life Aberdeen is engaging with the PRA and the FCA regarding the future basis for its prudential supervision.

Any change in the prudential supervisory arrangements for the Retained Group would mean the application of different governance, regulatory capital and other prudential requirements to the Retained Group. The Retained Group may, accordingly, be required to make significant changes to existing arrangements as regards governance, systems, reporting and regulatory capital to ensure that such new requirements are satisfied. With regards to the Retained Group's regulatory capital, the current terms of the Standard Life Aberdeen Group's existing regulatory capital instruments (comprising the 2017 Notes, the 2012 Notes, the Perpetual Bonds and the MACS, for further information see section 10 of Part XII (Additional Information) of this Circular) do not comply with all of the relevant requirements under CRD IV and consequently are expected to cease to have any regulatory capital benefit for the Retained Group where it becomes subject to consolidated prudential supervision under CRD IV upon Completion. Standard Life Aberdeen reviews options available to it on an ongoing basis in order to maintain efficient capital management and in such circumstances these options would be expected to include (i) conducting liability management exercises to reduce the principal balance of instruments that have ceased to have any regulatory capital benefit for the Retained Group or (ii) conducting consent solicitations in respect of such instruments to amend their terms so as to comply with regulatory requirements then applicable to the Retained Group. With regards to the MACS and the Perpetual Bonds, Standard Life Aberdeen has agreed in the Share Purchase Agreement to

use commercially reasonable endeavours to complete a tender offer in respect such instruments – for further information see section 1 of Part V (Principal Terms and Condition of the Sale) of this Circular.

In addition, the Retained Group may become exposed to the risk, whether through changes to legislation, regulatory interpretation or the application of regulatory discretion, of new and more onerous regulatory requirements and/or changes in the manner in which existing requirements are applied to the Retained Group (for example, the application of more stringent stress-test scenarios in determining the required minimum capital for the Retained Group, an increase in the minimum regulatory requirements set for the Retained Group or the introduction of changes to the basis on which regulatory capital or other prudential metrics are computed). As a result, the Retained Group may be required to maintain additional regulatory capital, maintain additional liquid resources or take other actions to ensure compliance with prudential requirements, any of which could have a material adverse effect on returns to Shareholders.

PART V
PRINCIPAL TERMS AND CONDITIONS OF THE SALE

1. Share Purchase Agreement

Sale and purchase

Standard Life Aberdeen and Phoenix entered into a Share Purchase Agreement on 23 February 2018, pursuant to which Standard Life Aberdeen has agreed, subject to the satisfaction of certain Conditions (detailed below), to sell and transfer the entire issued share capital of SLAL to Phoenix. The Share Purchase Agreement was amended and restated on 28 May 2018.

Consideration

The consideration payable by Phoenix for the acquisition of the entire issued share capital in SLAL will comprise: (i) £2.28 billion⁴¹ in cash; (ii) if Phoenix pays to its shareholders the interim dividend for the 2018 financial year scheduled to be paid before Completion (and/or if Phoenix declares any other dividend, excluding the final dividend for 2017), in circumstances where the record date for such dividend(s) falls before Completion, an amount equal to the dividend per share in respect of such dividend(s) multiplied by the number of Consideration Shares; and (iii) the issue of the Consideration Shares to Standard Life Aberdeen.

A price adjustment may be payable by Phoenix to Standard Life Aberdeen if assets in the following categories are withdrawn by Phoenix from management by Aberdeen Standard Investments within the 10 years following Completion: (i) assets managed under the Phoenix IMAs; (ii) assets managed under the SLAL IMA; and (iii) assets managed under any new IMA entered into by any of the Phoenix Group Life Companies and Aberdeen Standard Investments. In most cases, a price adjustment will not be payable if the relevant withdrawal is permitted under the relevant IMA. The price adjustment amount will be calculated based on the anticipated fees lost as a result of the asset withdrawal.

Conditions to Completion

The Sale is conditional upon:

- the approval of the Sale by a majority of votes cast by Shareholders at the General Meeting;
- the approval of the Sale by a majority of votes cast by shareholders of Phoenix at a general meeting of Phoenix;
- in respect of Phoenix's acquisition of SLAL, the receipt of merger control clearances from the relevant competition authorities in the UK (or an indication from the CMA to Standard Life Aberdeen and Phoenix that the CMA will not investigate Phoenix's acquisition of SLAL) and Ireland, with this condition having now been satisfied;
- in respect of Standard Life Aberdeen's receipt of the Consideration Shares, the receipt of a merger control clearance from the CMA (or an indication from the CMA to Standard Life Aberdeen and Phoenix that the CMA will not investigate Standard Life Aberdeen's receipt of the Consideration Shares), with this condition having now been satisfied;
- completion of the relevant regulatory notifications and/or obtaining of regulatory approvals by both Standard Life Aberdeen and Phoenix in respect of the acquisition of SLAL and/or the receipt of the Consideration Shares and/or the Reorganisation Share Transfers, as applicable;

⁴¹ Inclusive of a £312 million dividend paid by Standard Life Assurance Limited to Standard Life Aberdeen in March 2018.

- Phoenix Admission and receipt by Phoenix of the proceeds of the Rights Issue; and
- the completion of the Reorganisation Share Transfers,

together constituting the “**Conditions**”.

The Share Purchase Agreement will terminate and the Sale will not proceed if each of the Conditions has not been satisfied (or waived) by 5 p.m. on the Long Stop Date.

Warranties

The Share Purchase Agreement contains customary warranties given by Standard Life Aberdeen. A limited sub-set of the warranties will be repeated immediately before Completion. The warranty claims are subject to financial and other limitations of liability, including a de minimis threshold, an aggregate claims threshold and an overall cap.

The Share Purchase Agreement also contains a limited set of warranties given by Phoenix in respect of the Consideration Shares received by Standard Life Aberdeen as part of the Consideration for the Sale. The warranties given by Phoenix are also subject to financial and other limitations of liability.

Indemnities

Standard Life Aberdeen has provided, inter alia, indemnities for:

- any additional capital, over a specified amount, that is required to be contributed to SLIDAC in respect of the transfer of certain German and Irish branch businesses in the Standard Life Aberdeen Group to SLIDAC pursuant to Brexit-related transfers in excess of the anticipated amount;
- certain mis-selling matters that may affect the German and Austrian businesses of the Transferring Group;
- the issue by The Pensions Regulator of a contribution notice or financial support direction against any member of the Transferring Group;
- all reasonable costs, expenses and liabilities incurred by Phoenix or any member of the Phoenix Group in respect of certain Irish pension schemes;
- all reasonable costs, expenses and liabilities incurred by Phoenix or any member of the Phoenix Group in connection with certain pension promises to former employees in Germany;
- certain employment liabilities arising prior to Completion;
- potential adverse lapse experience relating to certain UK unit-linked products (but excluding unit-linked products written in a with-profits fund) prior to SLAL’s 2019 financial year end; and
- a demand for payment under the guarantee provided by SLAL in respect of certain bonds and securities issued by Standard Life Aberdeen.

Standard Life Aberdeen and Phoenix have also agreed a separate Deed of Indemnity in respect of certain liabilities arising out of the FCA-mandated, and Standard Life Aberdeen’s voluntary, review and redress programmes in respect of SLAL’s historical non-advised sales of pension annuities, and the FCA’s ongoing

investigation of historical non-advised annuity sales practices. No claim may be brought under the Deed of Indemnity unless and until SLAL, or Standard Life Aberdeen on SLAL's behalf, has brought claims under applicable policies of insurance, and the existing provision referred to in SLAL's annual accounts for 2017 is exhausted. The Deed of Indemnity will expire after four years.

The indemnities under the Share Purchase Agreement and the Deed of Indemnity are subject to caps on liability.

At Completion, Standard Life Aberdeen and Phoenix will enter into a tax covenant, pursuant to which Standard Life Aberdeen will in effect indemnify Phoenix for certain (principally historical) tax liabilities in respect of the Transferring Group. The tax covenant is subject to certain customary limitations and exclusions, and to a cap on liability.

Break fee

A break fee will be payable by Standard Life Aberdeen and Phoenix (as applicable) if the Share Purchase Agreement is terminated in circumstances where: (i) the relevant shareholder meeting of Standard Life Aberdeen or Phoenix (as applicable) to approve the Sale is not held by 30 November 2018; or (ii) the Standard Life Aberdeen Board or the Phoenix board (as applicable) has not given, or has given and withdrawn, its recommendation for the Sale, and the Shareholders or the Phoenix Shareholders (as applicable) do not approve the Sale.

The break fee is the lower of: (i) £30 million; or (ii) 1% of the market capitalisation of Phoenix; or (iii) 1% of the market capitalisation of Standard Life Aberdeen, in the case of (ii) and (iii) as at 22 February 2018.

Pre-Completion Reorganisation

Completion is conditional upon:

- the transfer of the entire issued share capital of Vebnet (Holdings) Limited to SLAL together with any associated steps necessary to carry out such transfer;
- the change in membership of Standard Life Assurance Company 2006 from SLAL to Standard Life Aberdeen;
- the change in membership of Standard Life Charity Fund from SLAL to Standard Life Aberdeen;
- the transfer by SLAL to a member of the Retained Group of:
 - (i) the entire issued share capital of 1825 Financial Planning Limited;
 - (ii) the entire issued share capital of Standard Life Savings Limited; and
 - (iii) the entire issued share capital of Standard Life Client Management Limited,

such transfers and changes in membership being the “**Reorganisation Share Transfers**”.

In addition to the Reorganisation Share Transfers, certain steps are being taken to transfer certain assets, contracts and employees from SLESL (which will form part of the Retained Group, post-Completion) to the SLAL Group, and to transfer certain assets and contracts from the SLAL Group to the Retained Group, in advance of Completion (which, taken with the Reorganisation Share Transfers, constitute the “**Reorganisation**”).

Conduct of business prior to Completion

The Transferring Group is to be run in the ordinary course of business between the date of the Share Purchase Agreement and Completion. Various restrictions apply, including changing the business strategy, amending or terminating material contracts and incurring material expenditure on certain change projects. Certain planned corporate actions have been carved out to ensure they can be undertaken without requiring the prior consent of Phoenix, including the payment of the 2017 dividend, carrying out the Reorganisation and Brexit planning (including carrying out any reorganisation of the SLAL Group as part of Standard Life Aberdeen's Brexit planning or entering into agreements in relation to such planning) and carrying out actions in relation to the FCA-mandated, and Standard Life Aberdeen's voluntary, review and redress programme in respect of SLAL's historical non-advised sales of pension annuities, and the FCA's ongoing investigation of historical non-advised annuity sales practices.

Termination rights

The Share Purchase Agreement contains mutual termination rights for Standard Life Aberdeen and Phoenix in the following circumstances:

- failure by either party to hold their respective shareholder meeting by 30 November 2018;
- the Conditions not being fulfilled by 31 December 2018;
- failure by either party to fulfil its Completion obligations; and
- a breach by Standard Life Aberdeen or Phoenix of certain fundamental warranties.

Investment management rights

The Share Purchase Agreement also provides various rights in favour of Standard Life Aberdeen in relation to investment management mandates of, or to be offered by, the Enlarged Phoenix Group. These may result, in certain circumstances, in the Enlarged Phoenix Group transferring existing investment management mandates, or awarding new investment management mandates, to the Retained Group. The Share Purchase Agreement specifies certain events when the Enlarged Phoenix Group has an obligation to inform and provide information to Standard Life Aberdeen (so it can decide whether the Retained Group wants to submit a proposal to manage the relevant assets). If the Standard Life Aberdeen proposal meets certain "qualifying criteria" (as set out in the Share Purchase Agreement), there is an obligation on the Enlarged Phoenix Group to put the relevant assets under the management of a member of the Retained Group.

Tender of subordinated debt and collateralisation arrangements

SLAL has provided a subordinated guarantee in respect of each of the MACS and the Perpetual Bonds (see section 10.1 of Part XII (*Additional Information*) of this Circular for further information) that will remain in place following Completion for so long as such instruments remain outstanding. Under the Share Purchase Agreement, Standard Life Aberdeen has agreed to use commercially reasonable endeavours to complete a tender offer in respect of each of the MACS and the Perpetual Bonds so as to reduce the outstanding principal amount of such instruments with a corresponding reduction in SLAL's contingent liability under the subordinated guarantee.

On and from Completion for so long as any of the MACS or Perpetual Bonds remain outstanding, Standard Life Aberdeen will credit an aggregate amount in cash in pounds sterling at least equal to the then

outstanding aggregate principal amount of the MACS and Perpetual Bonds to one or more escrow accounts. This is currently expected to be funded by Standard Life Aberdeen from the repayment of the subordinated loans advanced to SLAL in connection with the MACS and Perpetual Bonds, which is subject to regulatory approval. Where such regulatory approval is not received, or such subordinated loans remain outstanding for any other reason, Standard Life Aberdeen will continue to be required to credit the escrow accounts as described above, which would need to be funded from other sources available to Standard Life Aberdeen due to the subordinated loans remaining outstanding at Completion. In the event that any existing regulatory capital instruments remain outstanding after the tender offers described above, Standard Life Aberdeen will be entitled to invest all or some of such cash collateral in certain eligible investments (including investment grade debt securities issued by any of the government of the United States of America, the United Kingdom or a member of the EU, or a corporate issuer (excluding special purpose vehicles) located in the United States of America, the United Kingdom or a member of the EU). If, on the last Business Day of each month, the aggregate value of the cash collateral and the market value of the securities collateral is less than the then outstanding aggregate principal amount of the MACS and the Perpetual Bonds, Standard Life Aberdeen will be required to deposit an amount in cash or eligible securities at least equal to such shortfall.

2. Relationship Agreement

Following the issue of the Consideration Shares at Completion, Standard Life Aberdeen will hold for its own account approximately 19.99% of the issued share capital of Phoenix. The Relationship Agreement will be entered into between Standard Life Aberdeen and Phoenix in respect of Standard Life Aberdeen's holding of Phoenix Shares at Completion and shall take effect following the Phoenix Re-Admission. The purpose of the Relationship Agreement is to regulate the relationship between Standard Life Aberdeen and Phoenix and it contains customary terms and conditions, including those set out below.

Save for a limited number of exceptions, any Phoenix Shares held by Standard Life Aberdeen (or any member of the Standard Life Aberdeen Group) for investment purposes in the ordinary course of its investment management business or as bare nominee, custodian or trustee on behalf of a customer, are not subject to the terms of the Relationship Agreement.

Term

The Relationship Agreement shall take effect at the time of the Phoenix Re-Admission and shall continue for so long as the members of the Standard Life Aberdeen Group are entitled to exercise 10% or more of the rights to vote at general meetings of Phoenix.

Conduct of transactions and relationships

Pursuant to the Relationship Agreement, Standard Life Aberdeen undertakes that it shall, and will procure that each member of the Standard Life Aberdeen Group shall: (i) not propose or procure the proposal of any shareholder resolution that is intended or appears to be intended to circumvent the proper application of the Listing Rules; (ii) not conduct any transactions or arrangements with the Phoenix Group other than on an arm's length basis and on normal commercial terms; and (iii) not take any action that would have the effect of preventing Phoenix from carrying on an independent business or complying with its obligations under the Listing Rules.

Nominee director appointment rights

Pursuant to the Relationship Agreement, Standard Life Aberdeen has the right to appoint two non-executive directors to the Phoenix board for so long as the aggregate shareholding of the Standard

Life Aberdeen Group in Phoenix is at least 15%, and one non-executive director for so long as the aggregate shareholding of the Standard Life Aberdeen Group in Phoenix is at least 10% but is less than 15%. The directors appointed by Standard Life Aberdeen will receive a fee from Phoenix for their services that is commensurate with the fees paid by Phoenix to its other non-executive directors.

Restrictions on dealings in Phoenix Shares

Standard Life Aberdeen has undertaken not to sell any of the Phoenix Shares it holds during the 12-month lock-up period following Completion, apart from in limited circumstances.

Standard Life Aberdeen has undertaken that it will not, during the period of two years following Completion and apart from in limited circumstances, acquire any Phoenix Shares if that would result in the aggregate shareholding of the Standard Life Aberdeen Group in Phoenix increasing to above 24.9% or in the aggregate shareholding of the Standard Life Aberdeen Group (including shares held for investment purposes in the ordinary course of its investment management business in its role as investment manager or as bare nominee, custodian or trustee on behalf of a customer) in Phoenix increasing to 30% or above.

3. Investment management agreements

SLAL IMA

The existing SLAL IMA, pursuant to which relevant members of Aberdeen Standard Investments provide investment management services to SLAL, will remain broadly on the same terms as the existing arrangements. However, as the existing SLAL IMA is on terms that are of an intra-group nature, the SLAL IMA will be amended to reflect that, following the Sale, SLAL will no longer be part of the Standard Life Aberdeen Group.

SLAL will retain certain rights to terminate the SLAL IMA by notice in writing, including if: (i) SLI is insolvent or has entered into a scheme of arrangement or voluntary arrangement with any of its creditors, or an order has been made for the winding up or administration of SLI or a receiver or administrative is appointed over the whole of its undertakings; (ii) SLI ceases to be authorised and regulated by the FCA where such authorisation and regulation is required for SLI to continue in business as investment manager of the portfolio under the SLAL IMA or where such cessation to be authorised or regulated results in material adverse publicity for SLI or SLAL; or (iii) it is necessary to terminate the SLAL IMA in order to comply with a court direction, instruction of the FCA or any other competent financial regulatory authority, the FCA rules or other applicable legal or regulatory requirement. In addition, SLAL may terminate the SLAL IMA by notice in writing if SLI is in breach of the SLAL IMA where such breach is persistent or of such magnitude or materiality that SLI could not reasonably be expected to comply with the terms of the SLAL IMA and, where the breach is capable of remedy, it is not remedied within 30 days of written notice from SLAL specifying the breach. The SLAL IMA may also be terminated by either SLAL or SLI on not less than three years' notice in writing.

SLAL may also withdraw assets from management by SLI under the SLAL IMA in certain circumstances, inter alia: (i) to comply with a court order or written direction of a governmental, supranational or regulatory body (including the FCA and the PRA); (ii) as required by or provided for under the terms and conditions of a product held by a customer of SLAL or as a result of a customer decision to realise the benefit of assets held in respect of a product; (iii) to satisfy the bona fide cash requirements of SLAL's corporate group; (iv) to effect a transfer pursuant to Part VII of FSMA or a reinsurance arrangement; (v) in connection with originating and servicing equity release mortgage transactions, re-allocating the assets to invest in infrastructure debt, re-allocating the assets to invest in commercial real estate debt or for any other reason, in each case, up to certain specified values per annum; (vi) there is material underperformance in relation

to certain assets against a relevant benchmark over a rolling three-year period; (vii) there is underperformance in relation to certain assets against a relevant benchmark over a rolling three-year period (subject to a cure period); (viii) where the withdrawal is determined by SLAL, acting reasonably and in good faith, to be required to protect the interests of relevant policyholders; or (ix) where SLI's appointment as the investment manager of an in-house fund is terminated.

Under the amended SLAL IMA, SLI accepts responsibility for loss to SLAL as a result of the negligence, breach of the SLAL IMA, breach of the duty of care relating to investment activities or inaccurate information concerning investment returns, wilful default or fraud of SLI or any of its delegates or that of its or their officers, employees or agents.

Phoenix IMAs

The existing Phoenix IMAs, pursuant to which relevant members of Aberdeen Standard Investments provide investment management services to the Phoenix Group Life Companies, will also remain broadly on the same terms as the existing arrangements (including that each Phoenix IMA will remain on a rolling three-year term).

The right of the relevant Phoenix Group Life Company to withdraw assets from management by Ignis Investment under each IMA in circumstances where: (i) the withdrawal is pursuant to any approved business initiative of the Phoenix Group; or (ii) the withdrawal is in the ordinary course of business of the relevant Phoenix Group Life Company, will each be deleted and replaced with the right to withdraw assets in the following circumstances: (a) to comply with a court order or written direction of a governmental, supranational or regulatory body (including the FCA and the PRA); (b) as required by or provided for under the terms and conditions of a product held by a customer of the relevant Phoenix Group Life Company or as a result of a customer decision to realise the benefit of assets held in respect of a product; or (c) to satisfy the bona fide cash requirements of relevant members of the Phoenix Group Life Company's corporate group.

Details of the existing SLAL IMA and the existing Phoenix IMAs are set out section 10 of Part XII (*Additional Information*).

4. Transitional services agreement

Standard Life Aberdeen and Phoenix have agreed heads of terms that set out the terms and conditions which will be reflected in a reciprocal transitional services agreement to be entered into by relevant entities within the Retained Group and the Enlarged Phoenix Group at Completion. Standard Life Aberdeen and Phoenix are working towards a full form transitional services agreement and it is expected that, pursuant to the agreement, the Retained Group will provide the Transferring Group with the use of or access to certain resources or services that will be retained by the Retained Group at Completion and the Transferring Group will provide the Retained Group with the use of or access to certain resources or services that will be transferred as part of the Transferring Group at Completion.

Under the agreement, the majority of services will be provided by the Transferring Group to the Retained Group. The Transferring Group will provide certain services, including, but not limited to, infrastructure and IT, IT governance and oversight, finance, human resources, operational risk support, information security and data, customer operations, and property management, to the Retained Group. The Retained Group will provide certain services, including, but not limited to, governance and risk management, operational risk support, human resources, and procurement to the Transferring Group.

The agreement will have an initial term of three years, which will be capable of being extended by written agreement of the parties thereto. Specific services may attract shorter initial terms.

The agreement will provide for customary termination rights to apply, including, but not limited to, mutual rights to terminate for material breach by, or insolvency of, the other party.

Under the agreed heads of terms, the services will be performed by the service provider to the same standard at which the services were provided in the ordinary course of the Transferring Group's business in the 12-month period prior to Completion. In addition to this, specific service levels for particular services may be agreed in the full form transitional services agreement or between the parties from time to time.

In consideration for the provision of services, the service recipient will pay the service provider charges on a pass-through basis under the agreement.

The parties expect to agree appropriate caps on liability in the full form transitional services agreement. In addition, the agreement will include certain relief events and other customary limitations, including that neither party will be liable to the other party for indirect and/or consequential losses nor any loss of profits, revenue or goodwill.

A separation plan will be agreed by the parties to migrate the provision of the transitional services at the end of the term of the agreement (or at the end of a specific service) to the service recipient or to a third party nominated by the service recipient.

5. Client Service and Proposition Agreement

Standard Life Aberdeen and Phoenix have executed heads of terms (certain provisions of which are legally binding) for a Client Service and Proposition Agreement to be entered into between relevant members of the Retained Group and the Transferring Group. Standard Life Aberdeen and Phoenix are working towards agreeing a full form Client Service and Proposition Agreement in advance of Completion.

Pursuant to this arrangement, the Transferring Group will manufacture the CSPA Products. Certain of these CSPA Products will be offered and/or administered by members of the Retained Group via the Wrap platform. The default investment solution mix for workplace pension products will involve a minimum level of investment solutions being provided or managed by members of the Retained Group. Additionally, the Retained Group will license use of the "Standard Life" brand and will provide additional services, for instance marketing, as part of the agreement.

Subject to applicable law, regulation, governance requirements and contractual arrangements, and subject to the receipt of customer consent, where required, the Retained Group will also have a framework to market certain of its products and services to Enlarged Phoenix Group customers, with the parties collaborating where necessary in seeking and collecting customer consent. To the extent permitted under applicable law and regulation, and in line with the parameters set by 1825, the Transferring Group shall refer non-advised customers seeking advice exclusively to 1825, with such referral on the basis that 1825 is the preferred adviser for advice routes offered to Transferring Group customers post-Completion.

The Client Service and Proposition Agreement is expected to be effective from Completion and shall include provisions relating to termination of the agreement in various scenarios including material breach by a party, loss of regulatory permissions and insolvency of a party.

The Client Service and Proposition Agreement will contain provisions allocating regulatory responsibility for the different activities under the agreement. In certain cases, the regulatory responsibility and responsibility for performance are separate and may be allocated to different parties. For example the

Transferring Group will have regulatory responsibility for marketing materials sent out in its name in respect of the CSPA Products but the marketing services shall be performed by the Retained Group on behalf of the Transferring Group. In broad terms, conduct risk liability in relation to the provision of the CSPA Products and associated activities will be allocated to the Transferring Group and the conduct risk liability in respect of distribution of the CSPA Products (where such products are still actively distributed) and associated services will be allocated to the Retained Group. Each party will indemnify the other in respect of their allocated conduct risk liability. Detailed provisions on liability will be agreed between the parties and set out in the Client Service and Proposition Agreement.

The Client Service and Proposition Agreement will provide for joint collaboration where appropriate in relation to the in-scope products and certain services, with suitable provisions to allow for the sharing of information (such as information regarding complaints and management information).

6. Trademark licence heads of terms

Standard Life Aberdeen and Phoenix have agreed heads of terms setting out the terms and conditions in respect of the provision by the Retained Group of certain “Standard Life” trademarks and brand materials to be used by the Transferring Group post-Completion. Standard Life Aberdeen and Phoenix have agreed to formalise these arrangements in a full form trademark licence to be entered into at Completion.

PART VI DETAILS OF THE RETURN OF CAPITAL

1. Expected post-Completion regulatory capital position

We expect that, post-Completion, the Retained Group will be subject to the CRD IV regime for group-level prudential regulatory capital purposes. This will be subject to receiving regulatory approval. We estimate that the capital resources of the Retained Group under this regime, based on figures as at 31 December 2017, would have been £3.0 billion. This estimate includes the Sale proceeds net of estimated transaction and separation costs, and in accordance with CRD IV rules, excludes the majority of the value of the holding in Phoenix. The estimate also excludes any impact relating to the fair value of indemnities provided by Standard Life Aberdeen and Phoenix described in Part V (*Principal Terms and Conditions*) of this Circular. The estimate is before the proposed Return of Capital and does not take into account the benefit from existing or future issues of debt capital. The capital resources of the Retained Group will vary over time in line with various factors, including future profitability.

Our expectation is that, following Completion, the surplus capital within the Retained Group will be substantial. This surplus capital results from the Sale proceeds and anticipated lower capital requirements post-Completion. The actual level of surplus will depend on the capital requirements of the Retained Group, which will be subject to regulatory review.

In light of the Retained Group's expected future surplus capital and liquidity post-Completion, Standard Life Aberdeen intends, subject to Shareholder and regulatory approval, to return up to £1.75 billion in aggregate to Shareholders.

2. B Share Scheme

Following Completion, Standard Life Aberdeen proposes to effect a Return of Capital to Shareholders via a B Share Scheme and a Share Buyback Programme. Under the B Share Scheme, B Shares will be allotted and issued to Shareholders and subsequently redeemed by Standard Life Aberdeen. Shareholders will receive one B Share for each Existing Ordinary Share held at the Record Time. A Share Capital Consolidation will also be effected alongside the B Share Scheme (described in more detail in section 5 of this Part VI (*Details of the Return of Capital*)).

£1.0 billion in aggregate will be returned to Shareholders via the B Share Scheme. The exact amount to be returned on each Existing Ordinary Share will depend on the number of Standard Life Aberdeen Shares in issue at the Record Time. It is our current expectation that Shareholders will receive a minimum of 33.4 pence per Existing Ordinary Share as part of the B Share Scheme, and that the B Share Scheme will complete soon after Completion. Exact timings for the B Share Scheme, including the Record Time, will be notified to Shareholders by way of an RIS announcement on or around Completion.

Shareholders in the UK, Austria, Canada, Germany, Ireland and the US should read the general information on certain tax law consequences of the B Share Scheme in such jurisdictions, which is set out in Part VIII (*Taxation*) of this Circular. If you are subject to taxation in a jurisdiction other than the UK, Austria, Canada, Germany, Ireland or the US, or are in any doubt as to your tax position, you should consult an appropriate independent professional adviser.

3. Conditions to the implementation of the B Share Scheme

The B Share Scheme and Share Capital Consolidation are conditional on:

- (A) approval by Shareholders of the B Share Scheme Resolution;

(B) Completion; and

(C) Admission.

4. Allotment and issue of the B Shares

It is proposed that Standard Life Aberdeen capitalises a sum not exceeding £1.0 billion standing to the credit of Standard Life Aberdeen's merger reserve to pay up the B Shares in full.

Shareholders will receive one B Share for each Existing Ordinary Share held at the Record Time, and each B Share will be redeemed by Standard Life Aberdeen on the date notified to Shareholders by Standard Life Aberdeen by way of an RIS announcement (likely to be the first Business Day following the date on which the B Shares are issued). The exact number of B Shares to be issued and the price at which they will be redeemed will be dependent on the number of Existing Ordinary Shares in issue at the Record Time. It is our current expectation that a minimum of 33.4 pence per Existing Ordinary Share will be returned to Shareholders.

The B Shares will not be admitted to listing on the Official List or admitted to trading on the London Stock Exchange's main market for listed securities, nor will they be listed or admitted to trading on any other recognised investment exchange. No share certificates will be issued in respect of the B Shares. The rights and restrictions attached to the B Shares are more fully set out in Part VII (*Rights and Restrictions Attached to the B Shares*) of this Circular.

5. Share Capital Consolidation

Standard Life Aberdeen proposes to undertake a Share Capital Consolidation to seek to ensure that, subject to market fluctuations, the market price of each New Ordinary Share immediately following Admission is approximately the same as the market price of each Existing Ordinary Share immediately before Admission. The Share Capital Consolidation should also facilitate historical and future financial information in relation to Standard Life Aberdeen to be compared on a per-share basis before and after the B Share Scheme.

Shareholders will receive New Ordinary Shares in lieu of their Existing Ordinary Shares held at the Record Time. You will therefore own the same proportion of Standard Life Aberdeen as you did before the Share Capital Consolidation, subject to fractional entitlements. The Share Capital Consolidation ratio will be determined as set out below.

The Share Capital Consolidation ratio cannot be fixed at this time as it will depend on the price of the Existing Ordinary Shares at the Record Time. Accordingly, the number of New Ordinary Shares resulting from the Share Capital Consolidation will be notified to Shareholders by Standard Life Aberdeen by way of an RIS announcement with the Share Capital Consolidation ratio obtained by dividing (a) Standard Life Aberdeen's market capitalisation at that time LESS the value of the return of capital to be effected by the issue of the B Shares (£1.0 billion) by (b) Standard Life Aberdeen's market capitalisation at that time, subject to such amendments as the Standard Life Aberdeen directors may agree to deal with fractions, rounding or other practical problems, or matters, which may otherwise result from that division.

By way of example, on the basis of a price per Standard Life Aberdeen Share of 367.4 pence, the consolidation ratio would be 10 New Ordinary Shares for every 11 Existing Ordinary Shares held prior to the Share Capital Consolidation.

New Ordinary Shares

Application will be made for the New Ordinary Shares to be admitted to the Official List and to trading on the London Stock Exchange's main market for listed securities with a premium listing, with Admission expected to take place and dealings to commence at 8 a.m. on the Admission Date. Standard Life Aberdeen will also apply for the New Ordinary Shares to be admitted to CREST with effect from Admission.

Subject to Admission, New Ordinary Shares will be traded on the London Stock Exchange's main market for listed securities in the same way as Existing Ordinary Shares are currently traded and will be equivalent in all material respects to Existing Ordinary Shares (including as to dividend, voting and other rights), with the exception of the difference in nominal value and the New Ordinary Shares being subject to the rights of the B Shares, while they remain in existence.

Share certificates representing the New Ordinary Shares will be issued following Admission and dispatched to Shareholders holding their Existing Ordinary Shares in certificated form by the 14th Business Day following completion of the B Share Scheme. If you hold your Existing Ordinary Shares in CREST, you will automatically have your New Ordinary Shares credited to your CREST account at 8 a.m. (or as soon as practicable thereafter) on the Admission Date. If you hold your Existing Ordinary Shares through the Standard Life Aberdeen Share Account, you will automatically have your New Ordinary Shares credited to your account at 8 a.m. (or as soon as practicable thereafter) on the Admission Date.

Fractional entitlements to New Ordinary Shares

Unless your holding of Existing Ordinary Shares is exactly divisible by the denominator in the Share Capital Consolidation ratio, you will have a fractional entitlement to a New Ordinary Share following the Share Capital Consolidation.

Fractions of New Ordinary Shares will not be allotted to Shareholders. Fractional entitlements to New Ordinary Shares will be aggregated and sold in the market and the proceeds of the sale (net of expenses) distributed pro rata to persons entitled thereto. However, individual entitlements (net of expenses) to total aggregate amounts of less than £3.00 will not be paid to Shareholders but will be retained for the benefit of Standard Life Aberdeen.

6. Summary explanation of the B Share Scheme Resolution

The B Share Scheme Resolution will be proposed as a special resolution, the passing of which requires at least 75% of the votes cast (whether in person or by proxy) to be in favour. The B Share Scheme and Share Capital Consolidation are conditional upon: (i) Completion; and (ii) Admission.

A summary of the B Share Scheme Resolution follows below.

- (A) This paragraph proposes the adoption of new Articles of Association in order to implement the B Share Scheme. The new Articles of Association will include the insertion into the Articles of Association of the rights and restrictions attaching to the B Shares, as set out in Part VII (*Rights and Restrictions Attached to the B Shares*) of this Circular.
- (B) This paragraph proposes to authorise the Standard Life Aberdeen directors to:
 - (i) capitalise a sum not exceeding £1.0 billion standing to the credit of the Standard Life Aberdeen merger reserve to pay up in full the B Shares; and

- (ii) allot and issue B Shares up to an aggregate nominal amount of £1.0 billion on the basis of one B Share for each Existing Ordinary Share held at the Record Time. The authority granted to the Standard Life Aberdeen directors will expire at the conclusion of the next annual general meeting of Standard Life Aberdeen.

- (C) This paragraph proposes to authorise the subdivision and consolidation of the Existing Ordinary Shares into New Ordinary Shares. All fractional entitlements which arise will be aggregated into New Ordinary Shares and sold in the market on behalf of the relevant Shareholders. The total proceeds of the sale (net of expenses) will be paid in due proportion to the relevant Shareholders, although, individual entitlements (net of expenses) to total aggregate amounts of less than £3.00 will not be paid to Shareholders but will be retained for the benefit of Standard Life Aberdeen.

7. Transfer of B Shares

Although the B Shares are transferable (subject to the applicable restrictions set out in the new Standard Life Aberdeen Articles of Association (please refer to Part VII (*Rights and Restrictions Attached to the B Shares*) of this Circular for further details)), they will not be admitted to the Official List or to trading on the London Stock Exchange's main market for listed securities or listed or admitted to trading on any other recognised investment exchange. There will be no formal market for the B Shares and your ability to trade or sell the B Shares is therefore likely to be limited.

Should you wish to transfer some or all of your B Shares, you should contact us as soon as possible, following Completion, using the contact details set out at section 16 of Part I (*Letter from the Chairman*) of this Circular for further details and the relevant transfer documentation.

8. Dispatch of share certificates and payments

With effect from Admission, share certificates in respect of the Existing Ordinary Shares will cease to be valid. Share certificates in respect of New Ordinary Shares will only be issued following Admission. It is therefore important that, if you hold a certificate in respect of Existing Ordinary Shares, you retain it until you receive your certificate in respect of your New Ordinary Shares. On receipt of your share certificate in respect of New Ordinary Shares, your certificate in respect of Existing Ordinary Shares should be destroyed.

No share certificates will be issued by Standard Life Aberdeen in respect of the B Shares.

It is expected that payments in respect of the redemption of B Shares and any fractional entitlements to New Ordinary Shares will, where applicable, be dispatched to you in accordance with the payment method and currency by which Standard Life Aberdeen pays ordinary dividends to you.

All share certificates and cheques will be sent by post, at the risk of the Shareholder(s) entitled thereto, to the Registered Address of the relevant Shareholder (or, in the case of joint Shareholders, to the address of the joint Shareholder whose name stands first in the register of members in respect of such joint shareholding).

9. Group Employee Share Plans

Separate communications are being made available to participants in the Group Employee Share Plans in respect of the B Share Scheme.

Participants in the Standard Life (Employee) Share Plan are beneficial owners of Existing Ordinary Shares in respect of Standard Life Aberdeen Shares purchased and matching Standard Life Aberdeen Shares

awarded and will participate in the B Share Scheme. All other participants in the Group Employee Share Plans are not the beneficial owners of Existing Ordinary Shares under those plans and so will not participate in the B Share Scheme, other than in their separate capacity as Shareholders (if applicable).

Under the Group Employee Share Plans, Standard Life Aberdeen has granted options and awards over Existing Ordinary Shares at varying exercise prices and expiry dates. It is expected that the Share Capital Consolidation will achieve a largely neutral position for holders of options and awards under the Group Employee Share Plans as options or awards over Existing Ordinary Shares will take effect as options or awards over the same number of New Ordinary Shares, which are expected to have approximately the same market value following the Share Capital Consolidation as Existing Ordinary Shares, subject to market fluctuations. On this basis, it is anticipated that no adjustment will be made to the number of Standard Life Aberdeen Shares over which participants have options or awards or the relevant strike price of such options or awards.

Option and award holders will not be entitled to any proceeds from the B Share Scheme in respect of such options and awards. It is anticipated that these options and awards will not be consolidated and option and award holders will therefore retain the same number of options and awards over New Ordinary Shares as they hold over Existing Ordinary Shares.

As at the Latest Practicable Date, the total number of options under the Group Employee Share Plans outstanding which are capable of being satisfied by newly issued shares is 104,677,948, of which it is intended that 8,420,272 will be satisfied using newly issued shares. In aggregate, these outstanding options represented approximately 3.5% of Standard Life Aberdeen's issued share capital as at the Latest Practicable Date (of which 0.28% (as a percentage of Standard Life Aberdeen's issued share capital) are intended to be satisfied using newly issued shares). Following the B Share Scheme, and assuming no further shares and options are issued between the Latest Practicable Date and the Share Capital Consolidation becoming effective, the outstanding options which are capable of being satisfied by newly issued shares will represent approximately 3.9% of Standard Life Aberdeen's issued New Ordinary Share capital.

10. Overseas Shareholders

Compliance with overseas law

Shareholders who are not resident in the United Kingdom, Austria, Canada, Germany, Ireland, Japan, Norway or the U.S., or who are citizens, residents or nationals of other countries should consult their professional advisers to ascertain whether the return of value pursuant to the B Share Scheme (including the issue, holding, redemption or disposal of the B Shares) will be subject to any restrictions or require compliance with any formalities imposed by the laws or regulations of, or any body or authority located in, the jurisdiction in which they are resident or to which they are subject. In particular, it is the responsibility of any Shareholder to satisfy himself as to full observance of the laws of each relevant jurisdiction in connection with the B Share Scheme, including the obtaining of any government, exchange control or other consents that may be required, or the compliance with other necessary formalities needing to be observed and the payment of any issue, transfer or other taxes or duties in such jurisdiction.

The distribution of this Circular in certain jurisdictions may be restricted by law. Persons into whose possession this Circular comes should inform themselves about and observe any such restrictions. Neither this Circular nor any other document issued or to be issued by or on behalf of Standard Life Aberdeen in connection with the B Share Scheme constitutes an invitation, offer or other action on the part of Standard Life Aberdeen in any jurisdiction in which such invitation, offer or other action is unlawful.

Residents of Canada are cautioned that their New Ordinary Shares may only be resold in reliance on an exemption from the prospectus requirement of applicable Canadian provincial securities laws. Such exemptions may include trades made through exchanges or markets outside Canada (including the London Stock Exchange) or other sales to a person or company outside Canada.

11. Share Buyback Programme

Following completion of the B Share Scheme and Share Capital Consolidation, Standard Life Aberdeen intends to return up to a further £750 million to Shareholders by way of the Share Buyback Programme. It is expected that the Share Buyback Programme will involve the on-market purchase of Standard Life Aberdeen Shares and will commence shortly following completion of the B Share Scheme, subject to regulatory approval and market conditions at the time.

It is intended that the proposed Share Buyback Programme will be effected pursuant to the Share Buyback Resolution (if passed) and that the Share Buyback Resolution be in substitution for all previous share buyback authorities conferred on Standard Life Aberdeen but without prejudice to any market purchase already made or agreed to be made pursuant to such authorities.

Share Buyback Resolution

The maximum number of Standard Life Aberdeen Shares that can be bought back is 297,942,188 shares.

The maximum price (not including expenses) Standard Life Aberdeen can pay for each Standard Life Aberdeen Share is the higher of:

- (i) 5% above the average middle market price of the Standard Life Aberdeen Shares for the five Business Days prior to the day the purchase is made; and
- (ii) the higher of the price of the last independent trade and the highest current independent bid price taken from the London Stock Exchange Daily Official List at the time Standard Life Aberdeen buys the Standard Life Aberdeen Shares.

The minimum price (not including expenses) Standard Life Aberdeen can pay for each Standard Life Aberdeen Share is the nominal value of each Standard Life Aberdeen Share.

Any Standard Life Aberdeen Shares bought back pursuant to the Share Buyback Resolution can be cancelled or held in treasury. Treasury shares can be cancelled by Standard Life Aberdeen, sold for cash or used for the purposes of an employee share scheme. No dividends are paid on shares held as treasury shares, and they do not have any voting rights.

The total number of options over Standard Life Aberdeen Shares currently outstanding which are capable of being satisfied by newly issued shares is 104,677,948, of which it is intended that 8,420,272 will be satisfied using newly issued shares. These options relate to awards granted under Standard Life Aberdeen's share plans. This represents 3.5% of Standard Life Aberdeen's issued share capital as at the Latest Practicable Date (of which 0.28% (as a percentage of Standard Life Aberdeen's issued share capital) are intended to be satisfied using newly issued shares). If Standard Life Aberdeen bought back the maximum number of shares allowed under the Share Buyback Resolution and then cancelled all those Standard Life Aberdeen Shares, the total number of options outstanding which are capable of being satisfied by newly issued shares would represent 3.9% of Standard Life Aberdeen's issued share capital as at the Latest Practicable Date. Standard Life Aberdeen currently has no Standard Life Aberdeen Shares in treasury.

PART VII
RIGHTS AND RESTRICTIONS ATTACHED TO THE B SHARES

The following sets out the rights of the B Shares and the restrictions to which they are subject. These are included in the new Standard Life Aberdeen Articles of Association proposed to be adopted at the General Meeting.

The following paragraphs will be inserted as article 139 in the revised Articles of Association.

139. Rights and Restrictions Attached to B Shares

(A) General

The redeemable preference shares in the capital of the company (the “**B Shares**”) shall have the rights, and be subject to the restrictions, attaching to shares set out in these articles, save that in the event of a conflict between any provision in this article 139 and any other provision in these articles, the provisions in this article 139 shall prevail.

(B) Income

The B Shares shall confer no right to participate in the profits of the company, save for the right to redemption under article 139(F) below.

(C) Capital

- (i) Except as provided in article 139(F) below, on a return of capital on a winding-up (excluding any intra-group reorganisation on a solvent basis), the holders of the B Shares shall be entitled, in priority to any payment to the holders of every other class of share in the capital of the company, to an amount equal to the nominal value of each B Share held by them.
- (ii) On a winding-up, the holders of the B Shares shall not be entitled to any further right of participation in the profits or assets of the company in excess of that specified in article 139(C)(i) above. In the event that there is a winding-up to which article 139(C)(i) applies and the amounts available for payment are insufficient to pay the amounts due on all the B Shares in full, the holders of the B Shares shall be entitled to their pro rata proportion of the amounts to which they would otherwise be entitled.
- (iii) The aggregate entitlement of each holder of B Shares on a winding-up in respect of all the B Shares held by him shall be rounded up to the nearest whole penny.
- (iv) The holders of the B Shares shall not be entitled to any further right of participation in the profits or assets of the company in their capacity as holders of B Shares.

(D) Attendance and voting at general meetings

- (i) The holders of the B Shares shall not be entitled, in their capacity as holders of such B Shares, to receive notice of any general meeting of the company nor to attend, speak or vote at any such general meeting, unless the business of the meeting includes the consideration of a resolution for the winding-up of the company (excluding any intra-group reorganisation on a solvent basis), in which case the holders of the B Shares shall have the right to attend the general meeting and shall be entitled to speak and vote only on any such resolution.

- (ii) If the holders of the B Shares are entitled to vote at a general meeting of the company in their capacity as holders of such B Shares, then, subject to any other provisions of these articles, each holder thereof shall be entitled to vote at such general meeting, whether on a show of hands or on a poll, as provided in the Companies Acts. For this purpose, where a proxy is given discretion as to how to vote on a show of hands or on a poll, this shall be treated as an instruction by the relevant holder of B Shares to vote in the way in which the proxy elects to exercise that discretion.

(E) Class rights

- (i) The company may from time to time create, allot and issue further shares, whether ranking *pari passu* with or in priority or subsequent to the B Shares. The creation, allotment or issue of any such further shares (whether or not ranking in any respect in priority to the B Shares) shall be treated as being in accordance with the rights attaching to the B Shares and shall not involve a variation of such rights for any purpose or require the consent of the holders of the B Shares.
- (ii) A reduction by the company of the capital paid up or credited as paid up on the B Shares and the cancellation of such shares shall be treated as being in accordance with the rights attaching to the B Shares and shall not involve a variation of such rights for any purpose or require the consent of the holders of the B Shares.
- (iii) Without prejudice to the generality of the foregoing, the company is authorised to reduce (or purchase shares in) its capital of any class or classes and such reduction (or purchase) shall not involve a variation of any rights attaching to the B Shares for any purpose or require the consent of the holders of the B Shares.

(F) Redemption of B Shares

Subject to the provisions of the Companies Acts and these articles, the company shall redeem, out of the profits available for distribution, the B Shares as follows:

- (i) The B Shares shall be redeemed at such time as the directors may in their absolute discretion determine, following completion of the sale of the entire issued share capital of Standard Life Assurance Limited to Phoenix Group Holdings (the “**Specified Time**”).
- (ii) On redemption of a B Share at the Specified Time, the company shall be liable for an amount equal to the nominal value of the B Share (the “**Redemption Amount**”) to the holder of such B Share registered on the company’s relevant register at the Specified Time. The company’s liability to pay to such holder the Redemption Amount for each such B Share shall be discharged by the company by a payment to such holder of the Redemption Amount for each such B Share within 30 days of the Specified Time.
- (iii) In the absence of bad faith or wilful default, neither the company nor any of its directors, officers or employees shall have any liability to any person for any loss or damage arising as a result of the determination of the Specified Time in accordance with article 139(F)(i) above.
- (iv) All B Shares redeemed shall be cancelled and the company shall not be entitled to re-issue them.

(G) Transfer

The B Shares shall not be listed or traded on any stock exchange nor shall any share certificates be issued in respect of such shares. Subject to such of the provisions of these articles as may be applicable, no transfer of B Shares will be registered unless the required transfer documentation is received by the registrar of the company by 4:30 p.m. on the day prior to the date on which the Specified Time falls (unless determined to the contrary by the company).

(H) Deletion of Article 139 when no B Shares in existence

Article 139 shall remain in force until there are no longer any B Shares in existence, notwithstanding any provision in these articles to the contrary. Thereafter article 139 shall be, and shall be deemed to be, of no effect (save to the extent that the provisions of article 139 are referred to in other articles) and shall be deleted and replaced with the wording “Article 139 has been deleted”, and the separate register for the holders of B Shares shall no longer be required to be maintained by the company; but the validity of anything done under article 139 before that date shall not otherwise be affected and any actions taken under article 139 before that date shall be conclusive and not be open to challenge on any grounds whatsoever.

**PART VIII
TAXATION**

This Part VIII (*Taxation*) is a summary guide of information received by Standard Life Aberdeen in relation to certain applicable taxation laws in certain jurisdictions and does not constitute tax or financial advice. Standard Life Aberdeen cannot itself advise Shareholders to take a particular course of action. Shareholders who are in any doubt as to their tax position should consult an appropriate independent professional adviser.

PART VIII - SECTION 1
UNITED KINGDOM TAXATION

The following comments do not constitute tax advice and are intended only as a guide to United Kingdom law and HM Revenue & Customs' published practice at the Latest Practicable Date (both of which are subject to change at any time, possibly with retrospective effect). The comments relate only to certain limited aspects of the United Kingdom taxation treatment of Shareholders and are intended to apply only to Shareholders who are resident in the United Kingdom for United Kingdom tax purposes and who are and will be the absolute beneficial owners of their Existing Ordinary Shares, New Ordinary Shares and B Shares and who hold, and will hold, them as investments (and not as securities to be realised in the course of a trade or which constitute carried interest).

The comments may not apply to certain Shareholders, such as dealers in securities, insurance companies and collective investment schemes, Shareholders who are exempt from taxation or who hold their shares through a tax-exempt or tax-efficient scheme or plan and Shareholders who have (or are deemed to have) acquired their Existing Ordinary Shares by virtue of an office or employment. Such persons may be subject to special rules. The position may be different for future transactions and may alter between the Latest Practicable Date and the implementation of the B Share Scheme.

1. Capital Reorganisation

For the purposes of the United Kingdom taxation of capital gains and corporation tax on chargeable gains ("CGT"):

- (A) the issue of the B Shares and the New Ordinary Shares arising from the Capital Reorganisation will be a tax-free reorganisation of the share capital of the Company. Accordingly:
 - (i) any Shareholder receiving B Shares and New Ordinary Shares arising from the Capital Reorganisation should not be treated as making a disposal of all or part of that Shareholder's holding of Existing Ordinary Shares;
 - (ii) the Shareholder's resultant holding of B Shares and New Ordinary Shares will together be treated as the same asset as the Shareholder's holding of Existing Ordinary Shares and as having been acquired at the same time, and for the same consideration, as the holding of Existing Ordinary Shares;
- (B) upon a subsequent disposal of all or part of the Shareholder's B Shares or New Ordinary Shares, a Shareholder's aggregate CGT base cost in such Shareholder's holding of Existing Ordinary Shares will have to be apportioned between the B Shares and the New Ordinary Shares by reference to their respective values on the first day on which the New Ordinary Shares are listed. A worked example with details of the respective values will be published online at <https://www.standardlifeaberdeen.com/general-meeting> shortly after payments in respect of proceeds under the B Share Scheme have been dispatched; and
- (C) the sale, on behalf of relevant Shareholders, of fractional entitlements to New Ordinary Shares resulting from the Share Capital Consolidation (where applicable) should not generally constitute a part disposal for CGT purposes. Instead, the amount of any payment received by the Shareholder will be deducted from the base cost of the New Ordinary Shares received. If the amount of any payment received exceeds the Shareholder's base cost in the shares, that will give rise to a part disposal of those shares for CGT purposes but that Shareholder may elect (in effect) for the excess to be treated as a capital gain and to give up any basis he has in his shares.

The issue of the B Shares and the Share Capital Consolidation will not itself give rise to any liability to United Kingdom income tax (or corporation tax on income) in a Shareholder's hands.

2. Redemption of the B Shares

The redemption of the B Shares should be treated as a disposal of those shares for United Kingdom tax purposes. This may, subject to the Shareholder's individual circumstances and any available exemption or relief, give rise to a chargeable gain (or allowable loss) for the purposes of CGT.

Any such gain or loss will be calculated by reference to the difference between the redemption price and the element of the Shareholder's original base cost in their Existing Ordinary Shares that is attributed to the relevant B Shares. The amount of the base cost which will be attributed to the B Shares will be determined as outlined in paragraph 1(B) above.

The amount of CGT, if any, payable by a Shareholder who is an individual as a consequence of the redemption of the B Shares will depend on his or her own personal tax position. No tax will be payable on any gain realised on a redemption of the B Shares if the amount of the net chargeable gains realised by a Shareholder, when aggregated with other net gains realised by that Shareholder in the year of assessment (and after taking account of allowable losses), does not exceed the annual exemption (£11,700 for 2018-19). Broadly, any gains in excess of this amount will be taxed at a rate of 10% for a taxpayer paying tax at the basic rate and 20% for a taxpayer paying tax at a rate above the basic rate of income tax. Where the gains of a basic rate taxpayer subject to CGT exceed the unused part of his basic rate band, that excess is subject to tax at the 20% rate.

A corporate Shareholder is normally taxable on all of its chargeable gains, subject to any reliefs and exemptions. Corporate shareholders should be entitled to indexation allowance, calculated on the basis of RPI increases up to December 2017.

The Finance Act 2015 enacted legislation which, broadly speaking, treats amounts paid on the redemption of shares as income in the hands of an individual shareholder (rather than a capital receipt) where shareholders are given a choice to elect for capital or income treatment. The Company is of the view that this legislation does not apply to the B Share Scheme on the basis that it does not permit Shareholders any such choice, and HM Revenue & Customs have indicated that they agree with this view.

3. Stamp duty and stamp duty reserve tax ("SDRT")

No stamp duty or SDRT will be payable on the issue of the B Shares or the New Ordinary Shares. No stamp duty or SDRT will be payable on, or as a result of, the redemption of the B Shares.

No stamp duty or SDRT will be payable by Shareholders on the Share Capital Consolidation.

An agreement to sell B Shares or New Ordinary Shares will normally give rise to a liability on the purchaser to SDRT, at the rate of 0.5% of the actual consideration paid. If an instrument of transfer of the B Shares or the New Ordinary Shares is subsequently produced it will generally be subject to stamp duty at the rate of 0.5% of the actual consideration paid (rounded up to the nearest £5). When such stamp duty is paid, the SDRT charge will be cancelled and any SDRT already paid will be refunded. Stamp duty and SDRT are generally the liability of the purchaser.

4. Transactions in securities

Under the provisions of Part 15 of the Corporation Tax Act 2010 (for companies) and Chapter 1 of Part 13 of the Income Tax Act 2007 (for individuals), HM Revenue & Customs can in certain circumstances counteract

tax advantages arising in relation to a transaction or transactions in securities. If these provisions were to be applied by HM Revenue & Customs to the proposed B Share Scheme, in broad terms, Shareholders might be liable to taxation as if they had received an income amount.

In accordance with section 748 of the Corporation Tax Act 2010 and section 701 of the Income Tax Act 2007, the Company has applied for and received clearance from HM Revenue & Customs that they are satisfied that the transactions in securities provisions should not be applied to the proposed B Share Scheme.

PART VIII - SECTION 2
IRELAND TAXATION

The following comments do not constitute tax advice and are intended only as a guide to Irish law and Revenue Commissioners' practice in Ireland as at the Latest Practicable Date and may be subject to change at any time, possibly with retrospective effect. It assumes that the return of value is carried out by way of the Capital Reorganisation. The comments relate only to certain limited aspects of the Irish taxation treatment of Shareholders and are intended to apply only to Shareholders who are resident in Ireland for Irish tax purposes and who are and will be the absolute beneficial owners of their Existing Ordinary Shares, New Ordinary Shares and B Shares (as applicable) and who hold, and will hold, them as investments (and not as securities to be realised in the course of a trade). The comments may not apply to certain Shareholders, such as dealers in securities, insurance companies and collective investment schemes, Shareholders who are exempt from taxation and Shareholders who have (or are deemed to have) acquired their Existing Ordinary Shares by virtue of an office or employment. Such persons may be subject to special rules. The position may be different for future transactions and may alter between the Latest Practicable Date and the implementation of the B Share Scheme.

1. Capital Reorganisation - Capital Gains Tax

For the purposes of Irish taxation of capital gains and corporation tax on chargeable gains (as appropriate) ("Irish CGT"):

- (A) the issue of the B Shares and New Ordinary Shares arising from the Capital Reorganisation should each be treated as a reorganisation of the Standard Life Aberdeen share capital;
- (B) the combined effect should be that a Shareholder's resultant holding of B Shares and New Ordinary Shares should be treated as the same asset, acquired at the same time and for the same consideration, as the holding of Existing Ordinary Shares held by that Shareholder prior to the Capital Reorganisation;
- (C) upon a subsequent disposal of all or part of the Shareholder's B Shares or New Ordinary Shares, a Shareholder's aggregate Irish CGT base cost in such Shareholder's holding of Existing Ordinary Shares will have to be apportioned between the B Shares and the New Ordinary Shares by reference to their respective values on the first day on which the New Ordinary Shares are listed; and
- (D) the aggregation of fractional entitlements should not give rise to any tax consequences for Shareholders. The sale, on behalf of relevant Shareholders, of fractional entitlements may constitute a part disposal for Irish CGT purposes and a liability to Irish CGT may arise. However, guidance from the Irish Revenue Commissioners states that where the relevant amount involved is small and the Shareholder agrees, the amount of any payment received by the Shareholder may be deducted from the base cost of the New Ordinary Shares received.

2. Redemption of the B Shares

For the purposes of Irish CGT:

- (A) on redemption of their B Shares, Shareholders should be treated as having made a disposal of those shares for Irish tax purposes. This may, subject to each Shareholder's individual circumstances and any available exemption or relief, give rise to a chargeable gain (or allowable loss) for the purposes of Irish CGT;

- (B) any such gain or loss will be calculated by reference to the difference between the redemption price and the element of the Shareholder's original base cost in their Existing Ordinary Shares that is attributed to the relevant B Shares. The amount of the base cost which will be attributed to the B Shares will be determined as outlined in paragraph 1(C) above. For the purposes of such calculations, euro amounts must generally be used. Where a Shareholder has given or received a non-euro amount in acquiring or being treated as disposing of assets, such euro amounts must be determined by reference to the relevant rate of exchange at the time of the relevant Irish CGT event; and
- (C) the amount of Irish CGT, if any, payable as a consequence of the redemption of the B Shares by an Irish resident individual or corporate Shareholder will depend on his or her or its own personal tax position. No Irish CGT should be payable on any gain realised on redemption of the B Shares if the amount of the net chargeable gains realised by an individual Shareholder, when aggregated with other net chargeable gains realised by that Shareholder in the year of assessment (and after taking account of allowable losses), does not exceed the annual exemption (€1,270 for 2018). Broadly, any gains in excess of this amount will be taxed at a rate of 33%. Indexation allowance will not be available in respect of expenditure incurred on or after 1 January 2003 or in respect of periods of ownership commencing on or after 1 January 2003.

3. Stamp Duty

No Irish stamp duty should be payable by Shareholders on:

- (A) the issue of the B Shares or New Ordinary Shares;
- (B) the redemption of the B Shares; or
- (C) the Share Capital Consolidation.

4. Section 811C of the Irish Taxes Consolidation Act 1997

In certain circumstances, Section 811C of the TCA may apply if, having regard to any one or more of (a) the results of the transaction, (b) its use as a means of achieving those results, and (c) any other means by which the results or any part of the results could have been achieved, it would be reasonable to consider that:

- (A) the transaction gives rise to, or but for Section 811C of the TCA would give rise to, a tax advantage; and
- (B) the transaction was not undertaken or arranged primarily for purposes other than to give rise to a tax advantage.

If so, a taxpayer shall not be entitled to any tax advantage arising out of or by reason of that transaction.

PART VIII - SECTION 3 GERMANY TAXATION

The following section presents a number of key German taxation principles which generally are or may be relevant to the acquisition, holding or transfer of shares by an individual Shareholder who: (i) is tax resident in Germany (for example, whose place of residence or habitual abode is located in Germany); (ii) is and will be the absolute beneficial owner of their Existing Ordinary Shares, New Ordinary Shares and B Shares; and (iii) holds those shares as non-business assets. The information is not exhaustive and does not constitute a definitive explanation of all possible aspects of taxation that could be relevant for Shareholders. The information is based on the tax law in force in Germany as at the Latest Practicable Date (and its interpretation by administrative directives and courts) as well as typical provisions of double taxation treaties that Germany has concluded with other countries, all of which may change in the future (possibly with retrospective effect). The German tax authorities or courts may also consider an alternative assessment to be correct that differs from the one described in this section. This section cannot serve as a substitute for tax advice tailored to the circumstances of particular Shareholders. Shareholders are therefore advised to consult their tax advisers regarding the tax implications of the acquisition, holding or transfer of shares and regarding the procedures to be followed to achieve a possible reimbursement of German withholding tax (Kapitalertragsteuer).

1. Capital Reorganisation

The issue of the B Shares (as bonus shares) should be treated as “dividend in kind” subject to German tax (as capital investment income) on their fair market value.

Under German law, a capital reorganisation may constitute a tax-neutral capital increase from company funds (*Kapitalerhöhung aus eigenen Gesellschaftsmitteln*) subject to certain requirements being met. One of the requirements for such treatment under the German Act regarding Tax Measures in case of a Capital Increase from Company Funds (*Gesetz über die steuerrechtliche Maßnahmen bei Erhöhung des Nennkapitals aus Gesellschaftsmitteln* – “KapErhStG”) is that the B Shares must be issued through a similar corporate process to that required for a German capital increase from company funds pursuant to sections 207 through 220 of the German Stock Corporation Act (*Aktiengesetz* – “AktG”). Since the corporate process required for such German capital increase must, among other things, not affect the proportion of the rights related to the shares (see section 216 AktG), this should not be the case here as the B Shares will not have the same rights as Existing Ordinary Shares.

The issue of shares may also qualify as a tax-neutral transaction if shares are held as non-business assets and it is not possible to identify the income from the capital investment received from the issue of the bonus shares (section 20(4a) sent. 5 of the German Income Tax Act (*Einkommensteuergesetz* – “EStG”). However, given the B Shares will result in a fixed gross return to Shareholders, there is scope to identify the capital investment income.

Withholding tax

For German tax residents, the issue of the B Shares (as bonus shares and therefore as a dividend in kind) should be subject to withholding tax of 25% and a solidarity surcharge of 5.5% thereon (which amounts to 26.375% in total plus church tax, if applicable) provided that the shares are held by any of the following domestic institutions (which withhold and pass on the tax for the account of the Shareholder):

- (i) a domestic credit or financial services institution (*inländisches Kredit- oder Finanzdienstleistungsinstitut*) (including domestic branches of such foreign enterprises);

- (ii) a domestic securities trading company (*inländisches Wertpapierhandelsunternehmen*); or
- (iii) a domestic securities trading bank (*inländische Wertpapierhandelsbank*),

which keeps or administers the shares and disburses or credits the dividends or disburses the dividends to a foreign agent (the “**Paying Agent**”).

Standard Life Aberdeen does not assume any responsibility for the withholding of tax.

Since the issue of the B Shares is a non-cash event, German tax law provides for the following withholding procedure pursuant to section 44(1) sent. 7 et seq. EStG:

- (i) the Shareholder must provide the required cash amount for the withholding obligation of the Paying Agent; for these purposes, the Paying Agent may raise the cash from other accounts of the Shareholder;
- (ii) if and to the extent the Shareholder does not comply with such obligations the Paying Agent must notify the competent tax office; and
- (iii) the competent tax office has to claim the outstanding tax amount from the Shareholder.

Taxation of dividends

Dividends distributed to Shareholders who are tax resident in Germany and whose shares are held as non-business assets form part of their taxable capital investment income, which is subject to a special uniform income tax rate of 25% plus a solidarity surcharge of 5.5% thereon (which amounts to 26.375% in total plus church tax, if applicable). The income tax owed for this dividend income is in general satisfied by the withholding tax withheld by the Paying Agent (flat-rate withholding tax – *Abgeltungsteuer*).

Income-related expenses cannot be deducted from a Shareholder’s capital investment income except for an annual lump-sum deduction (*Sparer-Pauschbetrag*) of €801 (or €1,602 for married couples filing jointly). However, a Shareholder may request that his capital investment income, along with his other taxable income, be subject to the progressive income tax rate (instead of the uniform tax rate for capital investment income) if this results in a lower tax burden. In this case, the withholding tax will be credited against the progressive income tax and any excess amount should be refunded. Income-related expenses cannot be deducted from capital investment income, except for the aforementioned annual lump-sum deduction.

An automatic procedure for deducting church tax applies to dividends unless a Shareholder has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office.

2. Redemption of the B Shares

Generally, the redemption of the B Shares should be treated as a disposal of the respective shares and qualify as a taxable event under German tax law (see German Ministry of Finance (*Bundesfinanzministerium*), Ordinance dated 27 November 2013, IV C 2 – S 2742/07/10009, marginal notes 8, 20 et seq.).

A taxable capital gain is computed from the difference between (i) the proceeds of the disposal and (ii) the acquisition costs of the shares and the expenses related directly and materially to the disposal. If the sum of the acquisition costs of the B Shares and the expenses related directly and materially to the disposal equal or exceed the redemption amount, no taxable capital gain would occur. This ought to be the case if a Shareholder has been treated as receiving the B Share under a dividend in kind at fair market value and the amount of the redemption proceeds equalled that value.

If, however, the redemption amount exceeds the sum of the acquisition costs and the expenses related directly and materially to the disposal, a taxable capital gain would occur on the redemption of the B Shares and the following general principles would apply.

Gains on the disposal of shares acquired after 31 December 2008 (the B Shares being such shares) by a Shareholder who is tax resident in Germany and held as non-business assets are generally subject to a uniform tax rate on capital investment income in Germany (25% plus the solidarity surcharge of 5.5% thereon, which amounts to 26.375% in total plus any church tax, if applicable).

Only an annual lump-sum deduction of €801 (or €1,602 for married couples filing jointly) may be deducted from total capital investments income. It is generally not possible to deduct income-related expenses in connection with capital gains, except for the expenses related directly and materially to the disposal which can be deducted when calculating the capital gains. Losses on disposals of shares may only be offset against gains on the disposal of shares.

If the shares are held in custody or administered by a Paying Agent, or if such Paying Agent executes the disposal (by way of redemption) of the shares and pays out or credits the capital gains, any tax on the capital gains will in general be satisfied by the Paying Agent withholding the withholding tax on investment income in the amount of 26.375% (including the solidarity surcharge) on the capital gain and transferring it to the tax authority for the account of the disposing Shareholder.

A Shareholder can apply for his total capital investment income together with his other taxable income to be subject to the progressive income tax rate as opposed to the uniform tax rate on investment income, if this results in a lower tax liability. In this case the withholding tax is credited against the progressive income tax and any resulting excess amount will be refunded; limitations on offsetting losses are applicable. Further, income-related expenses are non-deductible, except for the annual lump-sum deduction. The limitations on offsetting losses are also applicable under the income tax assessment.

If the withholding tax or, if applicable, the church tax on capital gains is not withheld by a Paying Agent, a Shareholder is required to declare the capital gains in his income tax return. The income tax and any applicable church tax on the capital gains will then be collected by way of assessment.

An automatic procedure for deducting church tax applies unless a Shareholder has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office.

Regardless of the holding period and the time of acquisition, gains from the disposal of shares are not subject to a uniform withholding tax but to the progressive income tax if the Shareholder or, in the event of a gratuitous transfer, the Shareholder's legal predecessor, or, if the shares have been gratuitously transferred several times in succession, one of the Shareholder's legal predecessors at any point during the five years preceding the (deemed, as the case may be) disposal directly or indirectly held at least 1% of the share capital of Standard Life Aberdeen (a "**Qualified Holding**"). In this case the partial income method applies to gains on the disposal of shares, which means that only 60% of the capital gains are subject to tax and only 60% of the losses on the disposal and expenses related thereto are tax deductible. Even though withholding tax is withheld by a Paying Agent in the case of a Qualified Holding, this does not satisfy the tax liability of the Shareholder. Consequently, a Shareholder must declare his capital gains in his income tax returns. The withholding tax (including the solidarity surcharge and church tax, if applicable) withheld and paid will be credited against the Shareholder's income tax on his tax assessment (including the solidarity surcharge and any church tax, if applicable) or refunded in the amount of any excess.

3. Share Capital Consolidation and the New Ordinary Shares

To the extent the issue of the New Ordinary Shares in lieu of the Existing Ordinary Shares in the course of the Share Capital Consolidation qualifies as a reverse share split, it would be a tax neutral event for German tax purposes (see German Ministry of Finance (*Bundesfinanzministerium*), Ordinance dated 18 January 2016 as adjusted 12 April 2018, IV C 1 – S 2252/08/10004, marginal notes 88 et seq.). However, with respect to Shareholders who are tax resident in Germany capital gains resulting from the disposal of the fractional entitlement to New Ordinary Shares or the New Ordinary Shares should be subject to German taxation and the principles outlined above apply accordingly (see paragraph 2 above). Dividends payable on the New Ordinary Shares to Shareholders who are tax resident in Germany should be subject to German taxation and the principles outlined above apply accordingly (see paragraph 1 above).

4. Other taxes

German inheritance and gift tax may apply, among other things, to transfers of shares where one of the parties involved has their place of residence or habitual abode in Germany at the time of the transfer or is a German national and has not spent more than five continuous years outside Germany without maintaining a place of residence in Germany.

Otherwise, no German capital transfer taxes, value added tax, stamp duties or similar taxes are currently levied on the purchase or disposal or other forms of transfer of the shares. However, an entrepreneur may opt to subject disposals of shares, which are in principle exempt from value added tax, to value added tax if the sale is made to another entrepreneur for the entrepreneur's business.

PART VIII - SECTION 4 AUSTRIA TAXATION

This is a brief summary of selected Austrian tax considerations which may be relevant to the acquisition, ownership and disposal of the B Shares in the context of the B Share Scheme. It is of a general nature and not an exhaustive account of all potential tax considerations which may be relevant to Shareholders in this respect.

The comments made in this summary relate exclusively to B Shares acquired, held or disposed of by a Shareholder that is an individual who is tax resident in Austria (i.e., who has their domicile (Wohnsitz) and/or their habitual place of abode (gewöhnlicher Aufenthalt) in Austria) and is accordingly subject to unlimited income tax liability (unbeschränkte Einkommensteuerpflicht) in Austria and who is the beneficial owner (wirtschaftlicher Eigentümer) of the B Shares for Austrian tax purposes, holding the B Shares as non-business assets (Privatvermögen) acquired and held otherwise than in connection with any office or employment (any such person being an “Austrian Resident Shareholder”).

Different rules may apply to individuals holding the B Shares as part of their business assets (Betriebsvermögen) or receiving the B Shares as part of their remuneration for an employment relationship, which are not covered by this summary. Tax considerations relevant to Shareholders who are not individuals, such as corporations (Körperschaften) or Shareholders which are subject to a special tax regime, such as governmental authorities, charities, private foundations (Privatstiftungen) or investment or pension funds, are not addressed in this summary.

This summary is based on the assumption that Standard Life Aberdeen has neither its legal seat (Sitz) nor its place of management (Ort der Geschäftsleitung) in Austria (and is accordingly a “non-resident corporation”) and is comparable in its legal set-up to an Austrian corporation (Kapitalgesellschaft).

The summary is based on legislation, case law and guidelines provided by the Austrian tax authorities as at the Latest Practicable Date, as well as their respective interpretation, any of which may be amended – potentially with a negative impact – from time to time (possibly with retrospective effect). Due to the lack of any precedents and published rulings as to the tax treatment of the B Share Scheme for Austrian tax purposes, the risk that Austrian tax authorities and courts may apply an approach which is different from the aspects described below cannot be ruled out.

The following aspects do not constitute tax and/or legal advice nor should they be so construed. It is therefore strongly recommended that each Shareholder consults with its own tax adviser in order to determine the specific consequences of the acquisition, ownership and disposal of the B Shares for that particular Shareholder taking into account their individual circumstances, including (if relevant) the procedures to be followed to achieve a potential reimbursement of Austrian withholding tax (Kapitalertragsteuer) which might in particular be relevant if a Shareholder takes the view that no taxable event at all is triggered by the B Share Scheme. Tax risks resulting from the Existing Ordinary Shares, the New Ordinary Shares and the B Shares shall in any case be borne exclusively by the relevant Shareholder.

Standard Life Aberdeen assumes no responsibility with respect to taxes withheld at source.

1. B Share Schemes - General

The B Share Scheme is a concept which has no equivalent under Austrian law. The tax treatment of the B Share Scheme is therefore not certain under current law and practice in Austria and no relevant court precedents, published rulings or official guidance in whatsoever form on the likely tax treatment are available. It should be noted in particular that double taxation of the return of value may be a possible outcome in certain circumstances.

Shareholders may wish to consider the possibility of applying a “substance over form” approach, in contrast to the formal analysis of the tax treatment of the B Share Scheme, focusing on the overall intention of and economic effect sought by the B Share Scheme rather than analysing each individual step separately. This might lead to a tax treatment different from the one described herein, and might avoid an immediate double taxation of return of value. However, whether the Austrian tax authorities will follow such a “substance over form” approach for Austrian Resident Shareholders is definitely not certain and the remainder of this summary generally assumes that the authorities will not do so (and will accordingly follow a formal approach).

Due to the uncertainty of the tax treatment of the B Share Scheme under current law and practice in Austria, Austrian Resident Shareholders are urged to seek their own independent professional tax advice.

2. Issuance of B Shares

2.1 Treatment as dividend distributions

The issuance of bonus shares, such as the B Shares, for no consideration generally constitutes a taxable event (a distribution in the form of a dividend in kind) for an Austrian Resident Shareholder giving rise to dividend income.

Dividends distributed by a non-resident corporation to an individual tax resident in Austria are subject to Austrian income tax at a special tax rate of 27.5% unless the individual opts for taxation at the progressive income tax rate. Where the 27.5% special income tax rate applies, dividend income is not taken into consideration (either as part of taxable revenues or as part of taxable income) upon calculating the individual’s income tax liability. Expenses directly related to dividend income, e.g. interest expenses from third-party financing or banking fees, are generally not deductible for tax purposes.

The basis for the 27.5% tax is generally the amount of the dividend distribution. In case of dividends in kind, the fair market value of the asset distributed generally serves as the tax basis. Based on the assumption that the nominal value of the B Shares equals the fair market value of the B Shares at the time of issuance, the nominal value should constitute the tax basis for dividend income for the 27.5% Austrian tax. This should also serve in turn as the B Shares’ acquisition cost.

The 27.5% Austrian income tax is levied by way of a withholding tax (*Kapitalertragsteuer*) if the dividends are paid out by an Austrian paying agent (*auszahlende Stelle*), e.g. a financial institution; otherwise the 27.5% income tax will be levied by way of assessment. Where withholding tax applies, such withholding tax has the effect of final taxation (*Endbesteuerung*), which means that no further income tax is levied on the dividend income and the dividends do not have to be included in the individual’s annual income tax return.

Dividends which are not subject to withholding, e.g. due to the lack of an Austrian paying agent (or if the paying agent is not obliged to withhold the 27.5% tax at source, e.g. by virtue of applying the Austrian Capital Measures Ordinance (*Verordnung der Bundesministerin für Finanzen betreffend KEST-Behandlung von Kapitalmaßnahmen, BGBl II 2011/322*) which might be relevant in light of the B Share Scheme), have to be included in the taxpayer’s annual income tax return and will be taxed at the special income tax rate of 27.5% which has the effect of final taxation. In a scenario where the Austrian paying agent is not obliged to withhold 27.5% tax (e.g. by virtue of applying the Austrian Capital Measures Ordinance), the taxpayer will need to provide adequate proof to the Austrian paying (or depository) agent of the tax relevant acquisition cost (e.g. disclosing the relevant tax decree) so that the Austrian paying (or depository) agent may (without being so obliged) in turn adapt the acquisition costs of the underlying assets for purposes of Austrian withholding tax in order to avoid a potential discrepancy of tax relevant acquisition costs.

If the applicable income tax rate of an individual shareholder is less than 27.5%, the individual may opt to be taxed at regular progressive income tax rates (*Regelbesteuerungsoption*) instead of being taxed at the special income tax rate of 27.5%. If this option is exercised, any income from investment which would otherwise be subject to the 27.5% special income tax rate, will be taxed at the individual's regular progressive income tax rate.

If dividends distributed by a non-Austrian corporation are subject to foreign withholding tax, a potential double taxation of such dividend income may generally (at least partially) be reduced in Austria either directly at source under the conditions set forth by the Austrian Decree on Foreign Withholding Taxes (*Auslands-KESt-VO*, Federal Law Gazette II No. 92/2012) or the foreign withholding tax may at least partly be credited against Austrian income tax liability in accordance with an applicable double tax treaty.

2.2 Austrian Capital Adjustment Act

A tax exemption for individuals in case of the issuance of bonus shares is available subject among other conditions to the issuance of these shares being the result of a share capital increase effected by way of converting profit or reserves into nominal share capital governed by the Austrian Capital Adjustment Act (*Kapitalberichtigungsgesetz*). According to the Austrian tax authorities' view, such tax exemption may also apply to the issuance of bonus shares effected by a non-Austrian corporation. Such exemption is, among other things, subject to (i) the bonus shares issued being comparable to typical Austrian bonus shares and (ii) the share capital increase effected being comparable to a share capital increase governed by the Austrian Capital Adjustment Act. Currently, it is unclear and (given the mechanics of the B Share Scheme) rather doubtful that this tax exemption applies to the B Share Scheme. Furthermore, there is a recapture of the tax exemption if a repayment of the share capital is effected within 10 years of such issuance, which may be argued to have occurred given the expected timeframe for the implementation of the B Share Scheme. This summary therefore assumes that this tax exemption does not apply.

2.3 Treatment as repayment of equity

Austrian tax law differentiates between dividends giving rise to taxable dividend income and the repayment of equity in the sense of section 4(12) of the Austrian Income Tax Act (*Einkommensteuergesetz*) which term, among other things, comprises capital reserves, such as a share premium account, and which may take the legal form of a dividend distribution. A repayment of equity generally leads to a (tax-neutral) reduction of the shareholder's acquisition costs/book value of the shares held unless the repayment exceeds the acquisition costs/book value in which case the difference is treated as a capital gain which is generally subject to Austrian tax.

In order for a repayment of equity to be recognised for an Austrian Resident Shareholder of a non-Austrian corporation, the Austrian tax authorities require, among other things, that sufficient evidence as to the existence of equity capital in the sense of section 4(12) of the Austrian Income Tax Act is disclosed substantiating that the payment actually originates from equity capital (without clarifying which evidence shall be provided). Only if these conditions are met, the issuance of the B Shares might (at least partly) qualify as a repayment of equity. If foreign withholding tax were to fall due on dividend distributions effected as a repayment of equity, a potential double taxation may occur due to deviating interpretation of tax treaty law (e.g. treatment in source state as dividend versus treatment in residence state of shareholder as capital gain).

Standard Life Aberdeen has been advised that the tax treatment of a repayment of equity in the sense of section 4(12) of the Austrian Income Tax Act taking the form of the issuance of bonus shares is not certain due to the lack of any practice or guidance in Austria (in particular as regards potential effects on the acquisition costs of the Existing Ordinary Shares, the B Shares, potential withholding tax obligation of the

Austrian depository/paying agent, etc). Furthermore, given that it is not certain that the conditions will be met or, if they are, that evidence satisfactory to the Austrian tax authorities will be available, this summary assumes that the issuance of the B Shares will not be treated as a repayment of equity (in which case the tax treatment may differ significantly from the aspects described herein).

3. Redemption of the B Shares

On the assumption that the redemption (accompanied by the immediate withdrawal/cancellation) of the B Shares is treated as a sales transaction and the tax exemption outlined in paragraph 2.2 above does not apply, the B Shares will most likely be subject to the taxation regime applicable for shares acquired by Austrian Resident Shareholders after 1 April 2012. Pursuant thereto, any capital gain from the sale of shares in a non-resident corporation realised by an individual tax resident in Austria is subject to a special tax rate of 27.5% unless the individual taxpayer opts for taxation at the progressive income tax rate. In case the 27.5% special income tax rate applies, capital gains are not taken into consideration (neither as part of taxable revenues nor as part of taxable income) when calculating the individual's income tax liability.

The taxable capital gain is the difference between the sale price and the acquisition costs of the shares. If the B Shares' acquisition costs were to equal their nominal value at the time of issuance (as noted above in paragraph 2.1) and thus also equal the redemption amount, no capital gain would be realised. In the event that a capital gain were to be realised and the special income tax rate of 27.5% applies, the tax basis does not include ancillary acquisition costs (*Anschaffungsnebenkosten*) and any expenses directly related to the sale are in general not deductible.

Withholding tax may apply where payment is made by an Austrian depository agent (*depotführende Stelle*), e.g. an Austrian credit institution or Austrian branch of an EU resident credit institution, or in the absence of an Austrian depository agent, if the payment is made by an Austrian paying agent provided that the Austrian paying agent processes the payment and credits the proceeds in cooperation with the non-Austrian depository which, in turn, is either a branch of the paying agent or part of the same group as the paying agent. For shares held as non-business assets, the 27.5% withholding tax has the effect of final taxation, meaning that capital gains – except for the option for taxation at the individual's progressive income tax rate and/or for assessment in order to achieve a set-off of losses – do not have to be included in the annual income tax return. If neither an Austrian depository nor an Austrian paying agent exists (or if the Austrian depository/paying agent is not obliged to withhold 27.5% tax, e.g. by virtue of applying the Austrian Capital Measures Ordinance), any capital gain has to be included in the taxpayer's annual income tax return and will be subject to the 27.5% special income tax rate. Where the tax withheld exceeds the amount of tax properly due (e.g. where the withholding agent has not taken account of the acquisition costs which reduce or eliminate any capital gain) then the taxpayer should seek advice as to how to obtain repayment of or credit for such tax.

Reference is made to paragraph 2.1 above as regards the option to be taxed at regular progressive income tax rates.

The withdrawal of shares from a bank deposit (*Depotentnahme*) is in general deemed to constitute a sale unless specific notification obligations are fulfilled. In addition, circumstances leading to Austria losing its taxation right with regard to the shares vis-à-vis other countries, e.g. a relocation from Austria, may trigger an exit taxation in Austria. In case of a relocation, under specific circumstances (e.g. a relocation to another EC member state or special EEA states) a tax deferral may apply.

4. Notification for Gifts/Foundation Tax

A transfer of shares *inter vivos* or *mortis causa* is currently not subject to Austrian inheritance or gift tax. There is a disclosure obligation for gifts of, among other things, shares if the donor and/or the donee has a

domicile, its habitual abode, its legal seat or its place of management in Austria at the time of the transfer. In the case of gifts to certain related parties, a threshold of €50,000 per year applies; in all other cases a notification is obligatory if the value of all gifts (not just of shares) made exceeds an amount of €15,000 during a period of five years. Gratuitous transfers to foundations falling within the scope of the Austrian Foundation Tax Act (as described below) are exempt from the notification obligation. Intentional violation of a notification obligation may lead to the levying of fines of up to 10% of the fair market value of the assets transferred.

In addition to the disclosure obligation, certain gratuitous transfers of assets to Austrian and foreign private law foundations and comparable legal estates (*privatrechtliche Stiftungen und damit vergleichbare Vermögensmassen*) are subject to foundation tax (*Stiftungseingangssteuer*). Such tax is triggered if the transferor and/or the transferee at the time of transfer have a domicile, their habitual abode, their legal seat or their place of management in Austria. Certain exemptions apply in case of a transfer mortis causa of financial assets within the meaning of sections 27(3) and (4) of the Austrian Income Tax Act (except for participations in domestic and foreign corporations) if income from these financial assets is subject to a special income tax rate. The tax base is the fair market value of the assets transferred minus any debts, calculated at the time of the transfer. The tax rate is in general 2.5% with a higher tax rate of 25% applying in special cases (among others in case of a transfer to certain foreign private foundations and comparable legal estates). Special provisions apply to transfers of assets from and to non-transparent foundations and similar vehicles (*Vermögensstrukturen*) falling within the scope of the Treaty between the Republic of Austria and the Principality of Liechtenstein on Cooperation in the Area of Taxation.

The gratuitous transfer of shares may trigger income tax on the level of the transferor pursuant to section 27(6)(1) of the Austrian Income Tax Act (see above).

5. Dividends on the New Ordinary Shares

A dividend distribution on the New Ordinary Shares generally constitutes taxable income on the level of an Austrian Resident Shareholder subject to 27.5% Austrian income tax on the amount of distribution. The principles on the taxation of dividend distributions are outlined in paragraph 2.1.

6. Other taxes

No Austrian stock exchange transfer tax, capital transfer tax or stamp duty is levied on the purchase or sale of shares in a non-resident corporation.

The sale and purchase of shares is exempt from value added tax in Austria with generally no right to deduct input value added tax for related expenses.

**PART VIII - SECTION 5
CANADA TAXATION**

The following summary describes the principal Canadian federal income tax considerations pursuant to the Income Tax Act (Canada) (together with the regulations thereunder, the “Tax Act”) generally applicable in connection with the B Share Scheme to a holder of Existing Ordinary Shares, (i) who acquires New Ordinary Shares and B Shares (together with the Existing Ordinary Shares, the “Shares”) pursuant to the B Share Scheme, and (ii) who, for purposes of the Tax Act and at all relevant times, is or is deemed to be resident in Canada, holds the Shares as capital property, and deals at arm’s length and is not affiliated with Standard Life Aberdeen (a “Holder”). Generally, Shares will be considered to be capital property of a holder, provided the holder does not hold the Shares in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is not applicable to (i) a Holder that is a “financial institution” (as defined in the Tax Act for the purposes of the mark-to-market rules), (ii) a Holder an interest in which would be a “tax shelter investment” (as defined in the Tax Act), (iii) a Holder that is a “specified financial institution” (as defined in the Tax Act), (iv) a Holder that has elected to report its “Canadian tax results” (as defined in the Tax Act) in a currency other than Canadian currency, (v) a Holder who enters or will enter into a “derivative forward agreement” (as defined in the Tax Act) with respect to the Shares, or (vi) a Holder in respect of which Standard Life Aberdeen is a “foreign affiliate” (as defined in the Tax Act).

This summary is based upon (i) the provisions of the Tax Act in force as at the Latest Practicable Date, (ii) all specific proposals to amend the Tax Act that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the Latest Practicable Date (the “Proposed Amendments”), and (iii) an understanding of the current published administrative and assessing policies and practices of the Canada Revenue Agency. This summary assumes the Proposed Amendments will be enacted in the form proposed as at the Latest Practicable Date; however, no assurance can be given that the Proposed Amendments will be enacted in the form currently proposed or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations applicable in connection with the B Share Scheme and, except for the Proposed Amendments, does not take into account any changes in the law, whether by legislative, governmental or judicial action, nor does it take into account Canadian provincial or territorial or non-Canadian tax considerations, which may differ significantly from those discussed herein.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Shareholder, and no representations with respect to the income tax consequences to any Shareholder are made. Consequently, Shareholders should consult their own tax advisers for advice with respect to the tax considerations applicable to them in connection with the B Share Scheme, having regard to their particular circumstances.

Without limiting the foregoing, this summary does not address any deductions or credits that may be available in computing income or tax payable under the Tax Act in respect of any non-Canadian taxes that may be withheld from any payments made in connection with the B Share Scheme, in satisfaction of any dividends declared on New Ordinary Shares or otherwise. Holders should consult their own tax advisers in this regard.

All Pound Sterling amounts relevant in computing any amount under the Tax Act with respect to the Shares, including in connection with the acquisition, holding or disposition thereof and the receipt of dividends or redemption proceeds in respect thereof, will be determined for purposes of the Tax Act in Canadian dollars at the appropriate exchange rate prevailing on the date the amounts arise, in accordance with the rules in the Tax Act. In particular, Holders may realise gains and losses by virtue of the fluctuation in the value of Pound Sterling relative to Canadian dollars.

1. Taxation of Holders other than Registered Plans

This portion of the summary applies to a Holder, other than a Holder (referred to as a “**Registered Plan**”) that is a trust governed by a “registered retirement savings plan” (an “**RRSP**”), a “registered retirement income fund” (a “**RRIF**”), a “registered education savings plan” (an “**RESP**”), a “registered disability savings plan” (an “**RDSP**”), a “tax-free savings account” (a “**TFSA**”), or a “deferred profit savings plan” (a “**DPSP**”), all as defined in the Tax Act, and other than a Holder otherwise exempt from income tax under the Tax Act.

Holders to whom this section applies should consult their own tax advisers.

1.1 Issue of B Shares

On receipt by a Holder that is an individual of a B Share in respect of a Standard Life Aberdeen Share under the B Share Scheme, the individual should include in income as a dividend on the Standard Life Aberdeen Share an amount equal to the “nominal value” of the B Share (the “B Share Nominal Value”). The gross-up and dividend tax credit rules in the Tax Act applicable to dividends received from taxable Canadian corporations will not apply to a Holder that is an individual in respect of the receipt of a B Share under the B Share Scheme.

The cost of a B Share issued to a Holder that is an individual pursuant to the B Share Scheme, the B Share Nominal Value of which has been included in the Holder’s income as described above, should be equal to that B Share Nominal Value.

On receipt by a Holder that is a corporation of a B Share in respect of a Standard Life Aberdeen Share under the B Share Scheme, while the treatment is not entirely free from doubt, no amount should be included in the corporation’s income under the Tax Act and no amount should be deductible by such Holder in computing its taxable income in connection with the receipt of the B Share. Based on the foregoing, the cost to a Holder that is a corporation of a B Share issued to the Holder pursuant to the B Share Scheme should be nil.

The adjusted cost base to a Holder of B Shares will be the cost to the Holder of such shares, adjusted in accordance with the rules in the Tax Act.

1.2 Redemption of the B Shares

The redemption of B Shares by Standard Life Aberdeen will result in the Holder realising a capital gain (or capital loss) equal to the amount by which the redemption price exceeds (or is less than) the aggregate of the adjusted cost base to the Holder thereof and any reasonable costs of disposition.

Provided the B Share Nominal Value of a B Share approximates the redemption price of such share, a Holder that is an individual should not be expected to realise any significant capital gain or loss on redemption of the B Share, subject to any fluctuations in the value of Pound Sterling relative to the Canadian dollar between the time of issuance of B Shares and their redemption by Standard Life Aberdeen, and any reasonable costs to the Holder of completing such redemption. However, there can be no assurance in this regard.

A Holder that is a corporation should realise a capital gain on redemption of the B Share equal to the redemption price of such share (less any reasonable costs to the Holder of completing such redemption), which redemption price will in part reflect any fluctuations in the value of Pound Sterling relative to the Canadian dollar between the time of issuance of B Shares and their redemption by Standard Life Aberdeen.

Any capital gain (or capital loss) realized as described above will be subject to the tax treatment described below under “Taxation of Holders of New Ordinary Shares – Taxation of capital gains and capital losses”.

1.3 Share Capital Consolidation

Upon the Share Capital Consolidation, but subject to the following paragraph, no disposition of Existing Ordinary Shares or acquisition of New Ordinary Shares will be considered to have occurred. The aggregate adjusted cost base to the Holder of Existing Ordinary Shares that are subject to the Share Capital Consolidation will become the aggregate cost to the Holder of the New Ordinary Shares held as a result of the Share Capital Consolidation, and such aggregate cost will be allocated pro rata among such New Ordinary Shares. The adjusted cost base to a Holder of New Ordinary Shares will be the cost to the Holder of such shares, adjusted in accordance with the rules in the Tax Act.

Any proceeds of the sale, on behalf of a Holder, of a fractional entitlement to New Ordinary Shares following the Share Capital Consolidation, which are paid to the Holder, should generally constitute proceeds of disposition of such fractional entitlement to New Ordinary Shares. Such disposition should generally be subject to the treatment described below under “Disposition of New Ordinary Shares” and “Taxation of capital gains and capital losses.”

1.4 Taxation of Holders of New Ordinary Shares

Dividends on New Ordinary Shares

A dividend received on New Ordinary Shares held by a Holder will be included in computing the Holder’s income for the purposes of the Tax Act. Such dividend received by a Holder who is an individual will not be subject to the gross-up and dividend tax credit rules in the Tax Act (which only apply to dividends received from taxable Canadian corporations), and any such dividend received by a Holder that is a corporation will not be deductible in computing such Holder’s income.

A Holder that is, throughout the relevant taxation year, a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay a refundable tax on its “aggregate investment income”, which is defined in the Tax Act to include income from property, which should include a dividend received on New Ordinary Shares.

Disposition of New Ordinary Shares

A disposition or a deemed disposition of a New Ordinary Share by a Holder will generally result in the Holder realising a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the New Ordinary Share exceed (or are less than) the aggregate of the adjusted cost base to the Holder thereof and any reasonable costs of disposition. Such capital gain (or capital loss) will be subject to the tax treatment described below under “Taxation of capital gains and capital losses”.

Taxation of capital gains and capital losses

Generally, one-half of any capital gain (a “**taxable capital gain**”) realised by a Holder in a taxation year must be included in the Holder’s income for the year, and one-half of any capital loss (an “**allowable capital loss**”) realised by a Holder in a taxation year must be deducted from taxable capital gains realised by the Holder in that year. Allowable capital losses in excess of taxable capital gains realised in a taxation year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realised in such years, to the extent and under the circumstances described in the Tax Act.

A Holder that is, throughout the relevant taxation year, a “Canadian-controlled private corporation”, as defined in the Tax Act, may be liable to pay the refundable tax on its “aggregate investment income”, which is defined in the Tax Act to include taxable capital gains.

Capital gains realised by an individual (other than certain trusts) may give rise to liability for alternative minimum tax as calculated under the detailed rules set out in the Tax Act. Holders who are individuals should consult their own tax advisers in this regard.

2. Taxation of Registered Plans

This part of the summary applies to Registered Plans only, and assumes that the Shares will not be “prohibited investments” within the meaning of the Tax Act for any Registered Plan that is an RRSP, RRIF, TFSA, RESP or RDSP.

Registered Plans may be subject to material adverse tax consequences in connection with the B Share Scheme because the B Shares will not be “qualified investments” for Registered Plans, and for other reasons explained further below. While the Minister of National Revenue has the discretion to cancel or waive a part of the tax to which a Registered Plan may become liable in connection with the B Share Scheme, there can be no assurance that relief would be available. Accordingly, Registered Plans should consult their tax advisers and take any appropriate action, potentially involving the sale of their Existing Ordinary Shares, before the B Share Scheme takes effect.

2.1 Capital reorganisation

Registered Plans – Penalty tax

The B Shares will not be “qualified investments” for Registered Plans. The acquisition by a Registered Plan of a non-qualified investment gives rise to a penalty tax equal to 50% (100% in the case of DPSPs) of the fair market value of the investment at the time of acquisition.

The tax may be refundable when the investment is disposed of, but in the case of RRSPs, RRIFs, TFSAs, RESPs and RDSPs, a refund is denied if it is reasonable to consider that the holder or subscriber of or annuitant under the plan knew or ought to have known that the investment was not qualified, or if the investment is not disposed of before the end of the calendar year following the calendar year in which the tax arose (or any later time that the Minister of National Revenue (Canada) considers reasonable in the circumstances).

In the case of DPSPs, the refund would be equal to the lesser of the tax and the proceeds of disposition. If such plans acquire B Shares, and the B Shares are redeemed by Standard Life Aberdeen, the proceeds of disposition would be the redemption price paid by Standard Life Aberdeen. To the extent the fair market value of a B Share upon issuance approximates the redemption price of such share and there are no significant fluctuations in the value of Pound Sterling relative to the Canadian dollar between the time of issuance of the B Shares and their redemption by Standard Life Aberdeen, a DPSP may not be subject to a material amount of net penalty tax. However, there can be no assurance in this regard.

A discretionary waiver or cancellation of the penalty tax may be available (in the case of an RRSP, RRIF, TFSA, RESP or RDSP) if the Minister of National Revenue (Canada) considers it just and equitable having regard to all the circumstances. Such circumstances would include among others the extent to which the transactions which gave rise to the tax also gave rise to another tax under the Tax Act, such as the additional taxes discussed below and any income tax paid by a beneficiary under the applicable Registered Plan on the withdrawal of the non-qualified investment from the Registered Plan, and should include the

circumstances giving rise to the receipt of B Shares which are beyond the control of the applicable Registered Plan. However, there can be no assurance that such discretionary relief would be granted by the Minister.

2.2 Issue of B Shares – Income Tax Considerations

Registered Plans other than DPSPs will be subject to ordinary income tax on any income (and capital gains) earned on non-qualified investments. The issuance of B Shares should itself be considered income on the Existing Ordinary Shares. Provided the Existing Ordinary Shares are listed on a “designated stock exchange” as defined in the Tax Act (which includes the London Stock Exchange), the Existing Ordinary Shares should be qualified investments for Registered Plans, and hence such plans should not be subject to ordinary income tax in respect of the issuance of B Shares.

It is uncertain whether the cost to a Registered Plan for purposes of the Tax Act of a B Share acquired pursuant to the B Share Scheme would be equal to the B Share Nominal Value at the time of acquisition, or nil. Registered Plans should consult their tax advisers with regard to the cost and adjusted cost base to them for income tax purposes of B Shares acquired pursuant to the B Share Scheme.

2.3 Redemption of the B Shares

Where a Registered Plan holds B Shares, the redemption of such shares by Standard Life Aberdeen will generally result in the Registered Plan realising a capital gain (or capital loss) equal to the amount by which the redemption price exceeds (or is less than) the adjusted cost base of the redeemed B Shares and any reasonable costs of disposition. Any such capital gain or capital loss will be subject to the tax treatment described below under “Non-Qualified Investments – Taxation of capital gains and capital losses”.

2.4 Non-Qualified Investments – Taxation of Capital Gains and Capital Losses

Generally, the full amount of any capital gain realised by a Registered Plan on the disposition of a non-qualified investment (such as B Shares) in a taxation year (an “**NQI gain**”) must be included in the Registered Plan’s income for the year, and the full amount of any capital loss realised by a Registered Plan on the disposition of a non-qualified investment in a taxation year (an “**NQI loss**”) must be deducted from NQI gains realised by the Registered Plan in that year. NQI losses in excess of NQI gains realised in a taxation year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net NQI gains realised in such years, to the extent and under the circumstances described in the Tax Act.

2.5 DPSPs – Holding of non-qualified investments

DPSPs will be subject to a penalty tax in respect of any non-qualified investments (including B Shares) held at the end of each month, equal to 1% of the fair market value of such investments at the time of their acquisition by the plan (the “**Holding Tax**”), except where the DPSP is liable to pay a penalty tax in respect of the acquisition of the non-qualified investment as described previously.

The Holding Tax should not apply if the B Shares have been redeemed by Standard Life Aberdeen prior to the end of the month in which B Shares were received.

2.6 Registered Plans – New Ordinary Shares

Provided the New Ordinary Shares are listed on a “designated stock exchange” as defined in the Tax Act (which includes the London Stock Exchange), the New Ordinary Shares should be qualified investments for Registered Plans, and hence such plans should not incur any liability under the Tax Act in respect of the acquisition, holding or disposition of New Ordinary Shares.

PART VIII - SECTION 6
US TAXATION

The following is a discussion of the material US federal income tax considerations that may be relevant to US Holders (as defined below). This discussion is based upon provisions of the Internal Revenue Code (the “Code”), Treasury regulations and current administrative rulings and court decisions, all as in effect or existence at the Latest Practicable Date and all of which are subject to change, possibly with retroactive effect. Changes in these authorities may cause the tax consequences to vary substantially from the consequences described below.

The following discussion applies only to beneficial owners who hold Existing Ordinary Shares and intend to hold New Ordinary Shares (together, “Shares”) as “capital assets” within the meaning of Section 1221 of the Code (i.e., generally, for investment purposes) and is not applicable to all categories of investors, such as shareholders subject to special tax rules (e.g., financial institutions, insurance companies, regulated investment companies, real estate investment trusts, broker-dealers, tax-exempt organisations, retirement plans or individual retirement accounts or former citizens or long-term residents of the United States), persons who will hold their Shares as part of a straddle, hedge, conversion, constructive sale or other integrated transaction for US federal income tax purposes, or persons that have a functional currency other than the US dollar, each of whom may be subject to tax rules that differ significantly from those summarised below. If a partnership or other entity classified as a partnership for US federal income tax purposes holds Shares, the tax treatment of its partners generally will depend upon the status of the partner and the activities of the partnership. Partners in a partnership holding Shares are encouraged to consult their own tax adviser regarding the tax consequences to them of the partnership’s ownership of Shares.

No ruling has been or will be requested from the Internal Revenue Service (the “IRS”), and no opinion of counsel has been or will be requested, regarding any matter affecting Standard Life Aberdeen or current or prospective shareholders. The treatment set forth herein may be challenged by the IRS and, if so challenged, may not be sustained upon review in a court. This discussion does not contain information regarding any foreign or US state or local, estate, gift or alternative minimum tax considerations concerning the ownership or disposition of Shares.

As used herein, the term “US Holder” means a beneficial owner of Shares that owns (actually or constructively) less than 10% of Standard Life Aberdeen’s equity and that is:

- *an individual US citizen or resident (as determined for US federal income tax purposes),*
- *a corporation (or other entity that is classified as a corporation for US federal income tax purposes) organised under the laws of the United States, any state thereof or the District of Columbia,*
- *an estate the income of which is subject to US federal income taxation regardless of its source, or*
- *a trust if (i) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more US persons have the authority to control all substantial decisions of the trust or (ii) the trust has a valid election in effect to be treated as a US person for US federal income tax purposes.*

THIS DISCUSSION OF US FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL US HOLDERS OF STANDARD LIFE ABERDEEN SHARES OR NEW ORDINARY SHARES SHOULD CONSULT THEIR OWN TAX ADVISERS REGARDING THE PARTICULAR FEDERAL, STATE, LOCAL AND NON-US TAX CONSEQUENCES TO THEM OF THE B SHARE SCHEME, SHARE CAPITAL CONSOLIDATION AND THE OWNERSHIP AND DISPOSITION OF NEW ORDINARY SHARES.

1. Passive Foreign Investment Company Status

The consequences of the B Share Scheme, Share Capital Consolidation and the ownership and disposition of New Ordinary Shares to US Holders depend in substantial part on whether Standard Life Aberdeen currently is a passive foreign investment company (a “**PFIC**”), has been classified as a PFIC in the past, or will be classified as a PFIC at any time following the Sale.

In general, a non-US corporation is classified as a PFIC for any taxable year in which either: (i) 75% or more of its gross income is passive income (generally including dividends, interest, rents, royalties or gains from commodities or securities transactions); or (ii) 50% or more of the quarterly average value of its gross assets is comprised of passive assets (generally assets that either produce or are held for the production of passive income or do not produce income) (the “**PFIC Tests**”). For the purposes of applying these PFIC Tests, the non-US corporation is deemed to own a proportionate share of the assets of, and to receive directly a proportionate share of the income of, any other corporation in which the non-US corporation owns, directly or indirectly, at least 25% by value of its stock. The PFIC Tests are applied annually after the close of each taxable year of the corporation.

In classifying income and assets as passive, certain special rules and exceptions apply. One such exception is that income derived in, and related assets (including reasonable reserves) held in connection with, the active conduct of a qualifying insurance business are not classified as passive (the “**Insurance Business Exception**”). There is little authority regarding the Insurance Business Exception. Tax reform legislation known as the “Tax Cuts and Jobs Act” (P.L. 115-97) (the “**TCJA**”) enacted substantial changes to the Insurance Business Exception for taxable years beginning after December 31, 2017. Under the TCJA, the application of the Insurance Business Exception is determined quantitatively based on whether a corporation’s liabilities related to its insurance business exceed a certain percentage of the foreign corporation’s total assets. For taxable years prior to December 31, 2017, the application of the Insurance Business Exception was determined qualitatively based on whether the corporation was predominantly engaged in an insurance business.

Standard Life Aberdeen has not undertaken to determine whether it has been a PFIC in any prior taxable year and will not undertake to determine whether it is a PFIC in the current taxable year. In addition, even if Standard Life Aberdeen has not been a PFIC in any prior taxable year or in the current taxable year, there can be no assurance that Standard Life Aberdeen will not be a PFIC in a subsequent taxable year. US Holders are urged to consult their own independent tax advisers regarding the classification of Standard Life Aberdeen as a PFIC, including the application of the Insurance Business Exemption, the impact of the change in law regarding the Insurance Business Exemption, and the Sale.

As described further below, a US Holder holding shares of a PFIC (including a non-US corporation that was a PFIC at any point during the taxable year) is subject to various adverse tax consequences. A US Holder may mitigate some of these adverse consequences by making a “mark-to-market” election with respect to shares of the PFIC, if such shares are treated as “marketable stock” under the applicable rules. Standard Life Aberdeen anticipates the Shares will be treated as “marketable stock”. A US Holder may make a “mark-to-market” election with respect to its Shares by filing IRS Form 8621 in accordance with the relevant instructions and related Treasury Regulations. Note that special rules apply if a US Holder makes a “mark-to-market” election after the first taxable year (if there is any such year) for which Standard Life Aberdeen was classified as a PFIC.

Although US Holders may also mitigate some of the adverse consequences applicable to ownership of shares of a PFIC by making a qualified electing fund election (a “**QEF Election**”), making such an election requires Standard Life Aberdeen to provide certain information to US Holders. Standard Life Aberdeen does not expect to provide US Holders with information necessary to permit them to make a QEF Election, and US Holders should assume they will not be able to make a QEF Election with respect to the Shares.

In addition, if Standard Life Aberdeen is classified as a PFIC for any taxable year during which a US Holder holds any Shares, such US Holder will be treated as owning a proportionate amount of any non-US direct or indirect subsidiaries of Standard Life Aberdeen that are treated as corporations for US federal income tax purposes and that also are PFICs (“**Lower-Tier PFICs**”). US Holders would be subject to the “excess distribution” regime discussed below with respect to any distributions made by such Lower-Tier PFICs or with respect to any gain from the disposition of shares of the Lower-Tier PFICs (including, possibly, dispositions pursuant to the Sale), notwithstanding the fact that the US Holders would not directly receive any proceeds from such distributions or dispositions. In addition, US Holders may not make a “mark-to-market” election with respect to Lower-Tier PFICs, without regard to whether a “mark-to-market” election is available, or whether a US Holder has made a “mark-to-market” election, with respect to its Shares. US Holders are urged to consult their own tax advisers regarding the tax issues raised by Lower-Tier PFICs and its application to the Sale, B Share Scheme, Share Capital Consolidation and to the ownership and disposition of New Ordinary Shares.

Note that significant portions of the following discussion are based on proposed US Treasury Regulations applicable to PFICs. Although these proposed US Treasury Regulations state they are effective for transactions occurring on or after April 11, 1992, they have not yet been adopted in final form and are not currently effective. Accordingly, there is no assurance they will be finally adopted in the form and with the effective date proposed.

ALL US HOLDERS ARE STRONGLY URGED TO CONSULT THEIR OWN INDEPENDENT PROFESSIONAL TAX ADVISERS REGARDING THE IMPACT OF THE PFIC RULES ON THE B SHARE SCHEME, THE SHARE CAPITAL CONSOLIDATION AND THE OWNERSHIP AND DISPOSITION OF NEW ORDINARY SHARES.

2. US Federal Tax Consequences of the Share Capital Consolidation

Shareholders receiving New Ordinary Shares under the Share Capital Consolidation - In general

Standard Life Aberdeen expects the exchange of Existing Ordinary Shares for New Ordinary Shares pursuant to the Share Capital Consolidation to qualify as a reorganisation within the meaning of Section 368(a) of the Code. Accordingly, and subject to the discussions below relating to the receipt of payments for fractional entitlements to New Ordinary Shares under the Share Capital Consolidation, a US Holder that exchanges Existing Ordinary Shares for New Ordinary Shares: (a) should not recognise any gain or loss upon the exchange of Existing Ordinary Shares for New Ordinary Shares; (b) should have an aggregate tax basis in the New Ordinary Shares received in the Share Capital Consolidation equal to such US Holder’s aggregate tax basis in the Existing Ordinary Shares exchanged therefor; and (c) should have a holding period for the New Ordinary Shares received in the Share Capital Consolidation that includes such US Holder’s holding period for its Existing Ordinary Shares. A US Holder that acquired blocks of Existing Ordinary Shares at different times and at different prices will generally determine its tax basis and holding period in New Ordinary Shares with reference to each block of Existing Ordinary Shares.

Shareholders receiving New Ordinary Shares under the Share Capital Consolidation - PFIC Rules

If Standard Life is classified as a PFIC in the taxable year of the Share Capital Consolidation, the US Holder should be subject to the same treatment as described in the preceding paragraph.

If Standard Life Aberdeen has been classified as a PFIC at any time a US Holder has held its Existing Ordinary Shares and Standard Life Aberdeen will not be classified as a PFIC in the taxable year of the Share Capital Consolidation, the US Holder would recognise a gain (but not a loss) on the exchange of Existing Ordinary Shares for New Ordinary Shares pursuant to the Share Capital Consolidation in an amount equal to the difference between the fair market value of the New Ordinary Shares and the US Holder’s adjusted

tax basis in the Existing Ordinary Shares exchanged, both amounts determined in US dollars. Any such recognised gain would be treated as an “excess distribution” and subject to the rules described below in *“Tax Consequences of B Shares Scheme – If Standard Life Aberdeen is or has been a PFIC”*, unless such US Holder has made a “mark-to-market” election with respect to its Shares. In this case, such US Holder will recognise as ordinary income an amount equal to the difference between the fair market value of the New Ordinary Shares and the US Holder’s adjusted tax basis in the Existing Ordinary Shares exchanged in the Share Capital Consolidation.

Shareholders receiving payments for fractional entitlements to New Ordinary Shares under the Share Capital Consolidation

A US Holder who receives cash proceeds with respect to fractional entitlements of New Ordinary Shares as a result of the Share Capital Consolidation will be treated as if a fractional share of a New Ordinary Share had been received by the US Holder as part of the Share Capital Consolidation and then sold by such US Holder. Accordingly, such US Holder will recognise gain or loss equal to the difference between the cash so received and the portion of the tax basis in its New Ordinary Shares that is allocable to such fractional share, each determined in US dollars. Any gain or loss recognised will be capital gain or loss and will be long-term capital gain or loss if a US Holder’s holding period for the Existing Ordinary Shares is greater than one year as of the date of the Share Capital Consolidation. The deductibility of capital losses is subject to significant limitations. Capital gains of non-corporate US Holders are taxable at preferential rates. Any gain or loss recognised will be treated as US source income or loss for US foreign tax credit limitation purposes.

The amount realised with respect to a payment received that is paid in Pound Sterling will be based on the US dollar value of the Pound Sterling received translated at:

- in the case of cash basis US Holders and electing accrual basis US Holders, the payment date.
- in the case of non-electing accrual basis US Holders, the date of the Share Capital Consolidation.

In addition, a non-electing accrual basis US Holder will recognise foreign currency exchange gain or loss to the extent that there are exchange rate fluctuations between payment date and the date of the Share Capital Consolidation. Any exchange gain or loss realised on the payment date or on a subsequent conversion or other disposition of the Pound Sterling for a different US dollar amount generally will be US source ordinary income or loss for US foreign tax credit limitation purposes.

If Standard Life Aberdeen was classified as a PFIC at any time a US Holder held Existing Ordinary Shares, or if Standard Life Aberdeen is classified as a PFIC in the taxable year that includes the Share Capital Consolidation, gain recognised on the receipt of proceeds pursuant to a fractional entitlement received in the Share Capital Consolidation will be treated as an “excess distribution” unless the US Holder has made a “mark-to-market” election with respect to its Shares. The treatment of an “excess distribution” is discussed further in *“Tax Consequences of B Shares Scheme – If Standard Life Aberdeen is or has been a PFIC”*, below. A US Holder that has made a “mark-to-market” election will be subject to the treatment for dispositions discussed below in *“Tax Consequences of owning New Ordinary Shares after the Share Capital Consolidation and B Share Scheme – Treatment of US Holders making “mark-to-market” election”*.

3. Tax consequences of B Share Scheme

In general

The amount paid in the redemption of the B Shares (the “B Share Scheme Redemption Payment”) should be taxable to a US Holder as a dividend. Non-corporate US Holders should generally be eligible for

preferential tax rates applicable to “qualified dividend income” with respect to the dividend. Dividends received by corporate US Holders should not be eligible for the dividends received deduction.

Dividends paid in Pound Sterling will be includable in the income of a US Holder in a US dollar amount based on the exchange rate on the date the dividends are received by the US Holder, regardless of whether the payment is converted into US dollars at that time. A US Holder’s tax basis in the Pound Sterling received will equal the US dollar value on the date of receipt. Any gain or loss on a subsequent conversion or other disposition of the Pound Sterling for a different US dollar amount generally will be US source ordinary income or loss.

If Standard Life Aberdeen is or has been a PFIC

If Standard Life Aberdeen is classified as a PFIC for the taxable year including the B Share Scheme or if Standard Life Aberdeen has been classified as a PFIC at any time during the period the US Holder held its Shares, all or a substantial portion of the B Share Scheme Redemption Payment will be treated as an “excess distribution” with respect to such US Holder. The amount that is treated as an “excess distribution” is equal to such distribution’s ratable share of the “total excess distribution” made in the taxable year. The “total excess distribution” is the excess of the total amount of the distributions made with respect to the stock of the company during the taxable year over 125% of the average annual distributions made with respect to the stock in the three preceding taxable years or, if a lesser number, the number of taxable years in the US Holder’s holding period for the stock, subject to certain adjustments if any distributions in the preceding taxable years were also treated as “excess distributions”. The determination of the “total excess distribution” and any “excess distribution” should be made in Pound Sterling.

A US Holder is required to allocate any “excess distribution” ratably over the US Holder’s holding period for its Shares, converted into US dollars at the spot rate on the date of the distribution giving rise to the “excess distribution”. The amount allocated to the current taxable year, and any taxable years in the US holder’s holding period prior to the first taxable year in which Standard Life Aberdeen was classified as a PFIC (a “**Pre-PFIC Year**”) will be taxable as ordinary income. The amount of the excess distribution allocated to each prior taxable year other than a Pre-PFIC Year will be subject to tax at the highest rate in effect applicable to the US holder for each such year, plus an interest charge applicable to the tax deemed deferred with respect to each such prior taxable year. The determination and allocation of an “excess distribution” is required to be made on a share-by-share basis, except that shares with the same holding period may be aggregated.

To the extent any portion of the B Share Scheme Redemption Payment is not considered an “excess distribution”, a US Holder will be required to include the amount of such distribution in gross income as a dividend determined under the rules discussed above under “– *In general*”, except that the distribution will not be eligible for preferential tax rates available for “qualified dividend income”.

A US Holder that has made a “mark-to-market” election with respect to its Shares is not subject to the rules for “excess distributions”. Such a holder will be subject to the treatment discussed above under “– *In general*”, except that the distribution will not be eligible for preferential tax rates available for “qualified dividend income.”

4. Tax Consequences of owning New Ordinary Shares after the Share Capital Consolidation and B Share Scheme

Dividends

Any distributions paid by the Standard Life Aberdeen with respect to the New Ordinary Shares generally will constitute dividends. Non-corporate US Holders should generally be eligible for preferential tax rates

applicable to “qualified dividend income” with respect to the dividend. Dividends received by corporate US Holders will not be eligible for the dividends received deduction.

Dividends paid in Pound Sterling will be includable in the income of a US Holder in a US dollar amount based on the exchange rate on the date the dividends are received by the US Holder, regardless of whether the payment is converted into US dollars at that time. A US Holder’s tax basis in the Pound Sterling received will equal the US dollar value on the date of receipt. Any gain or loss on a subsequent conversion or other disposition of the Pound Sterling for a different US dollar amount generally will be US source ordinary income or loss.

If Standard Life Aberdeen is or was classified as a PFIC at any time during the period the US Holder held shares of Standard Life Aberdeen, any distribution will be subject to the rules for “excess distributions” described above under “*passive foreign investment company status*” and “*Tax consequences of B Shares Scheme – If Standard Life Aberdeen is or has been a PFIC*”, unless the US Holder has made a “mark-to-market” election with respect to such US Holder’s Shares. In addition, distributions will not be eligible for the preferential tax rates applicable to “qualified dividend income.”

Sale exchange or taxable disposition

A US Holder generally will recognise capital gain or loss upon a sale, exchange or other taxable disposition of New Ordinary Shares in an amount equal to the difference between the amount realised by the US Holder from such disposition and the US Holder’s adjusted tax basis in such shares. Such gain or loss recognised upon a sale, exchange or other taxable disposition of New Ordinary Shares will be treated as long-term capital gain or loss if the US Holder’s holding period is greater than one year at the time of the disposition. Certain US Holders may be eligible for preferential tax rates in respect of long-term capital gains. A US Holder’s ability to deduct capital losses is subject to limitations.

If a US Holder receives foreign currency on a sale, exchange or other taxable disposition of its New Ordinary Shares, the amount realised generally will be based on the US dollar value of such foreign currency translated at:

- in the case of cash basis US Holders and electing accrual basis US Holders, the settlement date of the disposition; and
- in the case of non-electing accrual basis US Holders, the trade date of the disposition.

In addition, a non-electing accrual basis US Holder will recognise foreign currency exchange gain or loss to the extent that there are exchange rate fluctuations between the disposition date and the settlement date. Any such gain or loss generally will constitute US source ordinary income or loss.

If Standard Life Aberdeen is classified as a PFIC in the taxable year including the disposition or was classified as a PFIC at any time during the period the US Holder held shares of Standard Life Aberdeen, any gain recognised on the disposition will be treated as an “excess distribution” and subject to the treatment for “excess distributions” described above under “*Tax consequences of B Share Scheme – If Standard Life Aberdeen is or has been a PFIC*” unless the US Holder has made a “mark-to-market” election with respect to such US Holder’s Shares.

Treatment of US Holders making “mark-to-market” election

If Standard Life Aberdeen is or has been classified as a PFIC, and a US Holder has made a “mark-to-market” election with respect to such US Holder’s Shares, such US Holder generally would include as ordinary income in each taxable year the excess, if any, of the fair market value of the US Holder’s Shares at the end

of the taxable year over the holder's adjusted tax basis in the Shares. The US Holder also would be permitted an ordinary loss in respect of the excess, if any, of the US Holder's adjusted tax basis in the Shares over the fair market value thereof at the end of the taxable year, but only to the extent of the net amount previously included in income as a result of the "mark-to-market" election. A US Holder's tax basis in its Shares would be adjusted to reflect any such income or loss recognised.

Gains recognised on the sale, exchange or other disposition of New Ordinary Shares would be treated as ordinary income, and any loss recognised on the sale, exchange or other disposition of the Shares would be treated as ordinary loss to the extent that such loss does not exceed the net mark-to-market gains previously included in income by the US Holder.

PFIC information reporting

If Standard Life Aberdeen is classified as a PFIC at any time during the period the US Holder has held its Shares, such US Holder generally will be required to report its ownership of Shares by filing IRS Form 8621 with its annual US federal income tax return.

5. Information reporting and backup withholding

Amounts paid by a US paying agent or other US intermediary will be reported to IRS and to the US Holder as may be required under applicable law. Backup withholding tax may apply to amounts subject to reporting if the US Holder fails to provide an accurate taxpayer identification number or otherwise fails to establish a basis for exemption. Backup withholding is not an additional tax. Any amount withheld under the backup withholding tax rules may be credited against the holder's US federal income tax liability, if any, or refunded if such US Holder timely provides the required information to the IRS. US Holders should consult their own tax advisers as to their qualification for exemption from backup withholding and the procedure for establishing an exemption.

Certain US Holders are required to furnish to the IRS information with respect to investments in the New Ordinary Shares not held through an account with a financial institution. Investors who fail to report required information could become subject to substantial penalties. Potential investors are encouraged to consult with their own tax advisers about these and any other reporting obligations arising from their investment in the New Ordinary Shares.

PART IX PRESENTATION OF INFORMATION

1. Website and media information

The contents of Standard Life Aberdeen's website (www.standardlifeaberdeen.com), the contents of any website accessible from hyperlinks on such website or any other website referred to in this Circular do not form part of this Circular and Shareholders should not rely on them.

Furthermore, Standard Life Aberdeen does not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, or the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding the Sale or the Standard Life Aberdeen Group. Standard Life Aberdeen, the Standard Life Aberdeen Directors, the Standard Life Aberdeen Group, J.P. Morgan Cazenove, Fenchurch or other persons involved in the Sale make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

2. Forward-looking statements

This Circular (including information incorporated by reference into this Circular), oral statements regarding the Sale and other information published by Standard Life Aberdeen contain certain forward-looking statements with respect to the financial condition, strategies, objectives, financial results and businesses of Standard Life Aberdeen.

These forward-looking statements can be identified because they do not relate only to historical or current facts. Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations, assumptions and projections of the management of Standard Life Aberdeen about future events, and are therefore subject to known and unknown risks and uncertainties, which could cause actual results, performance or events to differ materially from the future results, performance or events expressed or implied by the forward-looking statements. The forward-looking statements contained in this Circular include statements relating to the expected effects of the Sale on Standard Life Aberdeen and the potential exposure of the Retained Group to market risks; statements as to accretion; statements expressing management's expectations, beliefs, estimates, forecasts, projections and assumptions, including future potential cost savings, earnings, return on average capital employed, production and prospects; and other statements other than historical facts. Forward-looking statements often use words such as "anticipate", "target", "expect", "estimate", "project", "intend", "plan", "goal", "believe", "hope", "aims", "risks", "probably", "continue", "will", "may", "should", "would", "could", "seek", "objectives", "outlook" or other words of similar meaning.

Forward-looking statements are based on assumptions and assessments made by Standard Life Aberdeen in light of its experience and its perception of historical trends, current conditions, future developments and other factors it believes to be appropriate. By their nature, forward-looking statements involve risk and uncertainty, because they relate to events and depend on circumstances that will occur in the future and the factors described in the context of such forward-looking statements in this Circular could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements. Although it is believed that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct and readers are therefore cautioned not to place undue reliance on these forward-looking statements.

Several factors could cause actual results to differ materially from those expressed in or implied by forward-looking statements. These include changes in the global, political, economic, business,

competitive, market and regulatory forces, and more specifically: future exchange and interest rates and the performance of financial markets generally; the policies and actions of regulatory authorities; the impact of competition, inflation and deflation; experience in particular with regards to mortality and morbidity trends, lapse rates and policy renewal rates; the impact of changes in capital, solvency or accounting standards; changes in tax rates; the timing, impact and other uncertainties of future business combinations or dispositions within relevant industries or undertaken by Standard Life Aberdeen and its affiliates (including those associated with acquisitions, disposals or combinations announced by Standard Life Aberdeen or its affiliates which have yet to complete including the Sale); and other legislation and regulations (including changes to the regulatory capital requirements that Standard Life Aberdeen is subject to) in the jurisdictions in which the Standard Life Aberdeen Group or the Phoenix Group operates.

For a discussion of important factors that could cause actual results to differ from forward-looking statements in relation to the Standard Life Aberdeen Group, refer to page 61 of the Standard Life Aberdeen 2017 Annual Report, which is incorporated by reference into this Circular as set out in section 17 of Part XII (*Additional Information*) and available for inspection as set out in section 16 of Part XII (*Additional Information*).

All forward-looking statements contained in this Circular are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Readers should not place undue reliance on forward-looking statements. Readers should specifically consider the factors identified in this Circular that could cause actual results to differ before taking any action in respect of the Sale. Specific reference is made to Part I (*Letter from the Chairman*) and Part IV (*Risk Factors*).

Each forward-looking statement speaks only as at the date of this Circular. Neither Standard Life Aberdeen nor the Standard Life Aberdeen Group assumes any obligation to update or correct the information contained in this Circular (whether as a result of new information, future events or otherwise), except as required by the Prospectus Rules, the Listing Rules, the Disclosure Guidance and Transparency Rules and any applicable law. In light of these risks, results could differ materially from those stated in, implied by or inferred from the forward-looking statements contained in this Circular.

The statements above relating to forward-looking statements should not be construed as a qualification on the opinion as to working capital set out in section 13 of Part XII (*Additional Information*).

3. No forecasts or estimates

No statement in this Circular is intended as a profit forecast or estimate for any period.

No statement in this Circular should be interpreted to mean that earnings or earnings per share or dividend per share or cash flow from operations or free cash flow for the Standard Life Aberdeen Group, for the current or future financial years, would necessarily match or exceed the historical published earnings or earnings per share or dividend per share or cash flow from operations or free cash flow for Standard Life Aberdeen.

4. Pro forma financial information relating to the Retained Group

In this Circular, any reference to pro forma financial information is to information that has been extracted without material adjustment from the unaudited pro forma financial information contained in Part XI (*Unaudited Pro Forma Financial Information*). The unaudited pro forma information consists of a pro forma net assets statement as at 31 December 2017 relating to the Retained Group. This has been prepared in accordance with Listing Rule 13.3.3R and in a manner consistent with the accounting policies and presentation adopted by the Standard Life Aberdeen Group in the Standard Life Aberdeen 2017 Annual Report.

The unaudited pro forma financial information has been prepared for illustrative purposes only to illustrate the effect on the Standard Life Aberdeen Group's net asset statement of the Sale, as if the Sale had taken place on 31 December 2017. Because of its nature, the unaudited pro forma net assets statement addresses a hypothetical situation. It does not represent the Standard Life Aberdeen Group's actual financial position or results, or what the Standard Life Aberdeen Group's actual financial position or results would have been if the Sale had been completed on the dates indicated.

5. Efficiency savings

The efficiency savings numbers contained in section 3 of Part I (*Letter from the Chairman*) are unaudited and are based on analysis by Standard Life Aberdeen's management and on Standard Life Aberdeen's internal records. Further information underlying the efficiency savings is contained in paragraph 11 of Part XII (*Additional Information*).

6. Other information relating to the Phoenix Group and the Enlarged Phoenix Group

This Circular contains information regarding the Phoenix Group and the Enlarged Phoenix Group that has been incorporated by reference or accurately reproduced from the information provided to Standard Life Aberdeen by Phoenix for inclusion in this Circular. As far as Standard Life Aberdeen is aware and is able to ascertain from information published by Phoenix or otherwise provided to Standard Life Aberdeen by Phoenix, no facts have been omitted that would render the reproduced information inaccurate or misleading.

7. Defined terms

The meanings of defined terms used in this Circular are set out in Part XIII (*Definitions*).

PART X
HISTORICAL FINANCIAL INFORMATION FOR THE TRANSFERRING GROUP

The financial information presented below relates to the Transferring Group and has been extracted without material adjustment from the consolidation schedules that support the published audited consolidated financial statements of Standard Life for the two years ended 31 December 2016 and of Standard Life Aberdeen for the year ended 31 December 2017.

The financial information in this Part X (*Historical Financial Information for the Transferring Group*) of this Circular has been prepared under IFRS as endorsed by the EU. The accounting policies used are consistent with the accounting policies adopted in Standard Life Aberdeen's and Standard Life's published consolidated financial statements for each of the financial years presented.

The financial information reflects, therefore, the Transferring Group's contribution to the Standard Life Group and Standard Life Aberdeen Group during this period, applying the relevant accounting policies.

The financial information contained in this Part X (*Historical Financial Information for the Transferring Group*) of this Circular does not constitute statutory accounts within the meaning of section 240 of the CA 1985 or, as the case may be, section 434(3) of the CA 2006. The consolidated statutory accounts of Standard Life Aberdeen in respect of the years ended 31 December 2015 and 31 December 2016 have been delivered to the Registrar of Companies. The consolidated statutory accounts of Standard Life Aberdeen in respect of the year ended 31 December 2017 have been published by Standard Life Aberdeen and will be delivered to the Registrar of Companies in accordance with the Company's obligations under the CA 2006. The auditors' reports in respect of those statutory accounts for the three years ended 31 December 2017 were unqualified and did not contain statements under section 237(2) or (3) of the CA 1985 or, as the case may be, section 498(2) or (3) of the CA 2006.

PricewaterhouseCoopers LLP were the auditors of the Standard Life Group in respect of the years ended 31 December 2015 and 31 December 2016 and KPMG LLP were the auditors of the Standard Life Aberdeen Group in respect of the year ended 31 December 2017.

Shareholders should read the whole of this Circular and not rely solely on the financial information contained in this Part X (*Historical Financial Information for the Transferring Group*) of this Circular.

Historical income statements for the Transferring Group, prepared under IFRS as endorsed by the EU, for the three years to 31 December 2017

Consolidated income statement

	2017 £m	2016 £m	2015 £m
Revenue			
Investment return	12,543	15,343	5,468
Fee income	638	619	622
Insurance and participating investment contract premium income	2,054	1,984	2,062
Other income	26	28	31
Total revenue	15,261	17,974	8,183
Expenses			
Insurance and participating investment contract claims and change in liabilities	3,434	7,026	2,652
Change in non-participating investment contract liabilities	8,889	8,768	3,385
Administrative expenses			
Restructuring and corporate transaction expenses	14	25	33
Other administrative expenses	1,126	1,106	1,052
Total administrative expenses	1,140	1,131	1,085
Provision for annuity sales practices	100	175	-
Change in liability for third party interest in consolidated funds	1,118	293	536
Finance costs	54	54	53
Total expenses	14,735	17,447	7,711
Profit before tax	526	527	472
Tax expense attributable to policyholders' returns	166	302	134
Profit before tax expense attributable to equity holders	360	225	338
Total tax expense	204	338	192
Less: Tax expense attributable to policyholders' returns	(166)	(302)	(134)
Tax expense attributable to equity holders	38	36	58
Profit for the year	322	189	280
Attributable to:			
Equity holders of Standard Life Aberdeen plc	297	138	218
Non-controlling interests – ordinary shares	25	51	62
	322	189	280

Notes:

1. The results of the Transferring Group shown above exclude certain SLAL costs which are to be retained by Standard Life Aberdeen. These costs primarily relate to marketing and distribution activities which are retained by Standard Life Aberdeen under the Client Service and Proposition Agreement.
2. The Transferring Group net assets which are part of the Sale exclude the UK Standard Life staff defined benefit pension plan asset and the Ireland Standard Life staff defined benefit pension plan liability. The Transferring Group income statement shown above therefore excludes relevant elements of the IAS 19 expense recognised in the income statement in respect of the UK and Irish defined benefit pension plans.
3. Interest expense on intercompany subordinated notes issued by SLAL to Standard Life Aberdeen, which are classified as equity rather than debt in the SLAL standalone audited financial statements, is included in Finance costs in the above income statements.
4. The 2015 results of the Transferring Group shown above do not include the Singapore business, which was discontinued in 2015 and was part of the Asia and Emerging Markets segment. Before closure in 2015, the Singapore business was a subsidiary of the Transferring Group.
5. Adjusted profit before tax is an alternative performance measure used by the Standard Life Aberdeen Group to provide supplementary analysis. Adjusted profit reporting provides further analysis of the results reported under IFRS and the directors believe it helps to give shareholders a fuller understanding of the performance of the business by identifying and analysing adjusting items. The table below sets out the historical adjusted profit reconciliation for the Transferring Group.

Historical adjusted profit for the Transferring Group for the three years to 31 December 2017

	2017 £m	2016 £m	2015 £m
Fee-based revenue	800	755	717
Spread/risk margin	165	134	145
Total adjusted operating income	965	889	862
Total adjusted operating expenses	(579)	(520)	(486)
Adjusted operating profit	386	369	376
Capital management	(7)	(9)	(11)
Adjusted profit before tax	379	360	365
Tax on adjusted profit	(31)	(78)	(61)
Adjusted profit after tax	348	282	304
Adjusted for the following items:			
Short-term fluctuations in investment return and economic assumption changes	67	13	(54)
Restructuring and corporate transaction expenses	(11)	(25)	(33)
Amortisation and impairment of intangible assets acquired in business combinations	-	-	(2)
Provision for annuity sales practices	(100)	(175)	-
Other	-	1	-
Total adjusting items	(44)	(186)	(89)
Tax on adjusting items	(7)	42	3
Profit for the year attributable to equity holders of Standard Life Aberdeen plc	297	138	218
Profit attributable to non-controlling interests			
Ordinary shares	25	51	62
Profit for the year	322	189	280

Historical statement of net assets of the Transferring Group as at 31 December 2017, prepared under IFRS as endorsed by the EU

	2017 £m
Assets	
Intangible assets	103
Deferred acquisition costs	606
Investment property	9,749
Property, plant and equipment	80
Deferred tax assets	12
Reinsurance assets	4,811
Loans	105
Derivative financial assets	3,036
Equity securities and interests in pooled investment funds	96,346
Debt securities	60,592
Receivables and other financial assets	659
Current tax recoverable	167
Other assets	118
Assets held for sale	211
Cash and cash equivalents	8,708
Total assets	185,303
Liabilities	
Non-participating insurance contract liabilities	22,736
Non-participating investment contract liabilities	104,400
Participating contract liabilities	30,642
Deposits received from reinsurers	4,633
Third party interest in consolidated funds	16,224
Subordinated liabilities issued to Standard Life Aberdeen plc	820
Pension and other post-retirement benefit provisions	9
Deferred income	157
Deferred tax liabilities	235
Current tax liabilities	116
Derivative financial liabilities	774
Other financial liabilities	2,596
Provisions	281
Other liabilities	108
Total liabilities	183,731
Net assets	1,572
Non-controlling interests	
Ordinary shares	(289)
Net assets attributable to equity holders of Standard Life Aberdeen plc	1,283

Notes:

1. The Transferring Group net assets shown above that are part of the Sale exclude the UK Standard Life staff defined benefit pension plan asset and the Ireland Standard Life staff defined benefit pension plan liability.
2. Intercompany subordinated notes issued by SLAL to Standard Life Aberdeen, which are classified as equity rather than debt in the SLAL standalone audited financial statements, are included as liabilities in the Transferring Group net assets shown above.
3. As described in Part V (*Principal Terms and Conditions of the Sale*), steps are being taken to transfer certain assets and employees from SLESL (which will form part of the Retained Group, post-Completion) to the SLAL Group in advance of Completion. Intangible assets and property, plant and equipment shown above do not include intangible assets and property, plant and equipment of SLESL, which will be transferred into the Transferring Group as part of the transaction as the list of such assets was not finalised at the time of preparation of this historical financial information.

PART XI
UNAUDITED PRO FORMA FINANCIAL INFORMATION

PART A
Unaudited pro forma financial information relating to the Retained Group

The unaudited pro forma statement of the net assets of the Retained Group set out below (the “**Pro Forma Financial Information**”) is based on:

- Standard Life Aberdeen Group’s audited financial statements for the year ended 31 December 2017; and
- the financial information relating to the Transferring Group set out in Part X (*Historical Financial Information for the Transferring Group*) of this Circular.

The Pro Forma Financial Information has been prepared pursuant to Listing Rule 13.3.3R and on the basis of the notes set out below to illustrate the effect of the Sale on the IFRS financial position of the Retained Group as if the Sale had occurred on 31 December 2017.

The Pro Forma Financial Information is shown for illustrative purposes only. Due to its nature, it addresses a hypothetical situation and, therefore, does not represent the Retained Group’s actual financial position following the Sale. Furthermore, the unaudited pro forma financial information set out in this section does not constitute financial statements within the meaning of section 434 of the CA 2006.

Shareholders should read the whole of this Circular and not rely solely on the pro forma financial information contained in this Part A of this Part XI (*Unaudited Pro Forma Financial Information*) of this Circular.

KPMG LLP’s report on the pro forma financial information is set out in Part B of this Part XI (*Unaudited Pro Forma Financial Information*) of this Circular.

Unaudited pro forma statement of net assets of the Retained Group as at 31 December 2017

	Standard Life Aberdeen Group Note 1 £m	Adjustments			Pro forma net assets £m
		Transferring Group Note 2 £m	Net proceeds Note 3 £m	Intercompany and other adjustments Notes 4, 5 £m	
Assets					
Intangible assets	4,514	(103)			4,411
Deferred acquisition costs	612	(606)			6
Investments in associates and joint ventures accounted for using the equity method	503	-	594		1,097
Investment property	9,749	(9,749)			-
Property, plant and equipment	146	(80)			66
Pension and other post-retirement benefit assets	1,099	-			1,099
Deferred tax assets	65	(12)			53
Reinsurance assets	4,811	(4,811)			-
Loans	91	(105)		14	-
Derivative financial assets	3,053	(3,036)			17
Equity securities and interests in pooled investment funds	99,020	(96,346)		232	2,906
Debt securities	61,565	(60,592)			973
Receivables and other financial assets	1,242	(659)		(45)	538
Current tax recoverable	192	(167)			25
Other assets	185	(118)			67
Assets held for sale	1,038	(211)			827
Cash and cash equivalents	10,226	(8,708)	2,283	836	4,637
Total assets	198,111	(185,303)	2,877	1,037	16,722
Liabilities					
Non-participating insurance contract liabilities	22,740	(22,736)			4
Non-participating investment contract liabilities	105,769	(104,400)		232	1,601
Participating contract liabilities	30,647	(30,642)			5
Deposits received from reinsurers	4,633	(4,633)			-
Third party interest in consolidated funds	16,457	(16,224)			233
Subordinated liabilities	2,253	-		(820)	1,433
Subordinated liabilities issued to Standard Life Aberdeen plc	-	(820)		820	-
Pension and other post-retirement benefit provisions	78	(9)			69
Deferred income	157	(157)			-
Deferred tax liabilities	367	(235)			132
Current tax liabilities	166	(116)			50
Derivative financial liabilities	813	(774)			39
Other financial liabilities	3,896	(2,596)	32	(15)	1,317
Provisions	316	(281)			35
Other liabilities	121	(108)			13
Liabilities of operations held for sale	706	-			706
Total liabilities	189,119	(183,731)	32	217	5,637
Net assets	8,992	(1,572)	2,845	820	11,085
Non-controlling interests:					
Ordinary shares	(289)	289	-	-	-
Preference shares and perpetual notes	(99)	-	-	(820)	(919)
Net assets attributable to equity holders of Standard Life Aberdeen plc	8,604	(1,283)	2,845	-	10,166

Notes

- The net assets of the Standard Life Aberdeen Group have been extracted without adjustment from the audited financial statements of the Standard Life Aberdeen Group as at 31 December 2017 incorporated by reference into this Circular as set out in section 17 of Part XII (*Additional Information*).
- These adjustments remove the assets and liabilities relating to the Transferring Group, reflecting that, following the Sale, the Retained Group will no longer consolidate the results of the Transferring Group. The financial information has been extracted, without material adjustment, from the historical financial information on the Transferring Group set out in Part X (*Historical Financial Information for the Transferring Group*) of this Circular.

3. This adjustment reflects the cash proceeds of £2,283m, which is inclusive of a £312 million dividend paid by Standard Life Assurance Limited to Standard Life Aberdeen in March 2018, the recognition of an investment in associate accounted for using the equity method of £594 million relating to the approximate 19.99% shareholding in the Enlarged Phoenix Group, and associated transaction costs of the Sale of an estimated £32 million.

The carrying value of the investment in associate above is based on an accounting policy which does not re-measure to fair value the 19.99% residual holding in the Transferring Business sold to Phoenix, but instead continues to measure it at book value. This carrying value therefore differs from the fair value of the 19.99% shareholding in Phoenix of £993 million included in the total consideration for the Sale in Part I (Letter from the Chairman) of this Circular. The carrying value of this investment in associate is based on the share price of Phoenix at the Latest Practicable Date.

No account has been taken in the pro forma net asset statement of the separation costs relating to the Sale.

Under IFRS accounting, it is necessary to consider whether an asset should be recognised relating to the potential price adjustment payable by Phoenix to Standard Life Aberdeen if certain assets are withdrawn from management by Aberdeen Standard Investments in certain circumstances described in Part V (*Principal Terms and Conditions of the Sale*) of this Circular. In the pro forma net assets statement, no adjustment has been made for any such asset as the required fair value work has not yet been undertaken. Similarly, no adjustment has been made for the fair value of indemnities provided by Standard Life Aberdeen and Phoenix described in Part V (*Principal Terms and Conditions of the Sale*) of this Circular.

4. Intercompany adjustments reflect the settlement of certain intercompany balances between the Transferring Group and the Retained Group at Completion.
5. The settlement of intercompany balances at Completion is expected to lead to £820 million of external subordinated liabilities being reclassified from debt to equity. This is shown as an adjustment between 'Subordinated liabilities' and 'Non-controlling interests – Preference shares and perpetual notes'.
6. In preparing the unaudited pro forma net assets statement, no account has been taken of the proposed return of up to £1.75 billion of capital to shareholders described in Part I (*Letter from the Chairman*) and Part VI (*Details of the Return of Capital*) of this Circular.
7. In preparing the unaudited pro forma net assets statement, no account has been taken of the trading activity or other transactions of the Standard Life Aberdeen Group or the Transferring Group since 31 December 2017.

PART B

Accountant's report on the unaudited pro forma financial information of the Retained Group

The Directors
Standard Life Aberdeen plc
Standard Life House
30 Lothian Road
Edinburgh
EH1 2DH

30 May 2018

Ladies and Gentlemen

Standard Life Aberdeen plc (the "Company")

We report on the pro forma financial information (the 'Pro forma financial information') set out in Part XI of the Class 1 Circular dated 30 May 2018, which has been prepared on the basis described in the notes to the Pro forma financial information, for illustrative purposes only, to provide information about how the disposal of Standard Life Assurance Limited to Phoenix Group Holdings might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the period ended 31 December 2017. This report is required by paragraph 13.3.3R of the Listing Rules of the Financial Conduct Authority and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company to prepare the Pro forma financial information in accordance with paragraph 13.3.3R of the Listing Rules of the Financial Conduct Authority.

It is our responsibility to form an opinion, as required by paragraph 7 of Annex II of the Prospectus Directive Regulation, as to the proper compilation of the Pro forma financial information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to Shareholders as a result of the inclusion of this report in the Class 1 Circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Listing Rule 13.4.1R(6), consenting to its inclusion in the Class 1 Circular.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted

primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma financial information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

- the Pro forma financial information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of the Company.

Yours faithfully

KPMG LLP

PART XII
ADDITIONAL INFORMATION

1. Responsibility statement

The Standard Life Aberdeen Directors, whose names appear in section 3 below, and Standard Life Aberdeen accept responsibility for the information contained in this Circular. To the best of the knowledge of the Standard Life Aberdeen Directors and Standard Life Aberdeen (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this Circular is in accordance with the facts and this Circular does not omit anything likely to affect the import of such information.

2. Company information

Standard Life Aberdeen was incorporated in Scotland on 30 June 2005 as a private company under the CA 1985, with the name SLGC Limited. On 26 May 2006, the company was re-registered as a public company limited by shares and changed its name to Standard Life plc. On 14 August 2017, Standard Life plc completed an all-share merger with Aberdeen and was renamed Standard Life Aberdeen plc. Standard Life Aberdeen is registered at Companies House under company number SC286832 and is UK tax resident. Standard Life Aberdeen's registered office is Standard Life House, 30 Lothian Road, Edinburgh EH1 2DH, Scotland. The telephone number of its principal place of business is 0131 225 2552. The telephone number for Standard Life Aberdeen Shareholder services is 0345 113 0045, or +44 (0)20 3367 8224 if calling from overseas. The helpline cannot provide advice on the merits of the Sale or the Return of Capital or give any financial, legal or tax advice. Further contact details for Shareholders resident in other jurisdictions are set out below:

Ireland	+353 (1)431 9829
Germany and Austria	+49 (0)69 9753 3030
Canada	1-866-982-9939

Calls may be monitored and/or recorded to protect both you and us and help with our training. Call charges will vary.

The principal legislation under which Standard Life Aberdeen operates is the CA 2006.

3. Standard Life Aberdeen Directors

Sir Gerry Grimstone (Chairman)

Simon Troughton (Deputy Chairman)

Martin Gilbert (Co-Chief Executive)

Keith Skeoch (Co-Chief Executive)

Bill Rattray (Chief Financial Officer)

Rod Paris (Chief Investment Officer)

Kevin Parry (Senior Independent Director)

Martin Pike (Non-executive Director)

Jutta af Rosenborg (Non-executive Director)

John Devine (Non-executive Director)

Gerhard Fusenig (Non-executive Director)

Melanie Gee (Non-executive Director)

Richard Mully (Non-executive Director)

4. Company Secretary

Kenneth Gilmour (Company Secretary)

5. Standard Life Aberdeen Directors' service contracts

Details of the service contracts of the Standard Life Aberdeen Directors are set out on pages 111 to 113 of the Standard Life Aberdeen 2017 Annual Report (which are incorporated by reference into this Circular).

6. Interests of Standard Life Aberdeen Directors in Standard Life Aberdeen Shares

6.1 Total interests in Standard Life Aberdeen Shares

The total interests of the Standard Life Aberdeen Directors in Standard Life Aberdeen Shares as at the Latest Practicable Date are set out below:

Director	Number of Standard Life Aberdeen Shares as at the Latest Practicable Date	% of issued share capital
Sir Gerry Grimstone	206,626	0.0070
Simon Troughton	73,205	0.0025
Martin Gilbert	264,185	0.0089
Keith Skeoch	2,497,280	0.0838
Bill Rattray	1,743,549	0.0585
Rod Paris	766,949	0.0257
Kevin Parry	75,000	0.0025
Gerhard Fusenig	26,495	0.0009
John Devine	1,321	0.0000
Jutta af Rosenborg	10,000	0.0003
Martin Pike	32,727	0.0011
Melanie Gee	20,000	0.0007
Richard Mully	72,990	0.0024

6.2 Awards granted to Standard Life Aberdeen Directors

As at the Latest Practicable Date, the Standard Life Aberdeen Directors have outstanding awards over Standard Life Aberdeen Shares as set out below:

Director	Standard Life Aberdeen share plan	Date of original award	Expected first date of exercise	Number of Standard Life Aberdeen Shares over which awards are outstanding as at the Latest Practicable Date (including accrued dividend equivalents where delivered in shares)
Martin Gilbert	Aberdeen Asset Management PLC Deferred Share Plan 2009	11/4/2018	5/3/2019	45,252
	Aberdeen Asset Management PLC Deferred Share Plan 2009	11/4/2018	5/3/2020	45,252
	Aberdeen Asset Management PLC Deferred Share Plan 2009	11/4/2018	5/3/2021	45,252
	Aberdeen Asset Management PLC Deferred Share Plan 2009	11/4/2018	5/3/2022	45,252
	Aberdeen Asset Management PLC Deferred Share Plan 2009	11/4/2018	5/3/2023	45,252
	Aberdeen Asset Management PLC Deferred Share Plan 2009	26/02/2018	14/8/2018	103,330
	Aberdeen Asset Management PLC Deferred Share Plan 2009	26/02/2018	14/8/2019	103,330
	Aberdeen Asset Management PLC Deferred Share Plan 2009	26/02/2018	14/8/2020	103,330
	Aberdeen Asset Management PLC Deferred Share Plan 2009	26/02/2018	14/8/2021	103,329
	Aberdeen Asset Management PLC Deferred Share Plan 2009	26/02/2018	14/8/2022	103,329

Director	Standard Life Aberdeen share plan	Date of original award	Expected first date of exercise	Number of Standard Life Aberdeen Shares over which awards are outstanding as at the Latest Practicable Date (including accrued dividend equivalents where delivered in shares)
	Aberdeen Asset Management PLC Deferred Share Plan 2009	1/12/2016	1/12/2017	93,669
	Aberdeen Asset Management PLC Deferred Share Plan 2009	1/12/2016	1/12/2018	93,669
	Aberdeen Asset Management PLC Deferred Share Plan 2009	1/12/2016	1/12/2019	93,669
	Aberdeen Asset Management PLC Deferred Share Plan 2009	1/12/2016	1/12/2020	93,669
	Aberdeen Asset Management PLC Deferred Share Plan 2009	1/12/2016	1/12/2021	93,669
	Aberdeen Asset Management PLC Deferred Share Plan 2009	1/12/2015	1/12/2016	129,635
	Aberdeen Asset Management PLC Deferred Share Plan 2009	1/12/2015	1/12/2017	129,635
	Aberdeen Asset Management PLC Deferred Share Plan 2009	1/12/2015	1/12/2018	129,635
	Aberdeen Asset Management PLC Deferred Share Plan 2009	1/12/2015	1/12/2019	129,635
	Aberdeen Asset Management PLC Deferred Share Plan 2009	1/12/2015	1/12/2020	129,635
	Aberdeen Asset Management PLC Deferred Share Plan 2009	2/12/2014	2/12/2015	106,251
	Aberdeen Asset Management PLC Deferred Share Plan 2009	2/12/2014	2/12/2016	106,251

Director	Standard Life Aberdeen share plan	Date of original award	Expected first date of exercise	Number of Standard Life Aberdeen Shares over which awards are outstanding as at the Latest Practicable Date (including accrued dividend equivalents where delivered in shares)
	Aberdeen Asset Management PLC Deferred Share Plan 2009	2/12/2014	2/12/2017	106,251
	Aberdeen Asset Management PLC Deferred Share Plan 2009	2/12/2014	2/12/2018	106,251
	Aberdeen Asset Management PLC Deferred Share Plan 2009	2/12/2014	2/12/2019	106,251
	Aberdeen Asset Management PLC Deferred Share Plan 2009	2/12/2013	2/12/2015	133,921
	Aberdeen Asset Management PLC Deferred Share Plan 2009	2/12/2013	2/12/2016	133,921
	Aberdeen Asset Management PLC Deferred Share Plan 2009	2/12/2013	2/12/2017	133,921
	Aberdeen Asset Management PLC Deferred Share Plan 2009	31/12/2012	31/12/2015	170,292
	Aberdeen Asset Management PLC Deferred Share Plan 2009	31/12/2012	31/12/2016	170,292
	Standard Life Sharesave Plan	28/9/2017	1/11/2022	4,349
Keith Skeoch	Executive LTIP	28/3/2018	28/3/2023	761,531
	Executive LTIP	27/3/2017	27/3/2022	819,044
	Executive LTIP	24/3/2016	24/3/2021	851,862
	Executive LTIP	27/3/2015	27/3/2020	167,829
	Executive LTP	20/5/2014	20/5/2019	86,296
	Short Term Incentive Plan	29/3/2018	29/3/2021	101,341

Director	Standard Life Aberdeen share plan	Date of original award	Expected first date of exercise	Number of Standard Life Aberdeen Shares over which awards are outstanding as at the Latest Practicable Date (including accrued dividend equivalents where delivered in shares)
	Short Term Incentive Plan	31/3/2017	31/3/2020	122,681
Bill Rattray	Aberdeen Asset Management PLC Deferred Share Plan 2009	11/4/2018	5/3/2019	9,377
	Aberdeen Asset Management PLC Deferred Share Plan 2009	11/4/2018	5/3/2020	9,377
	Aberdeen Asset Management PLC Deferred Share Plan 2009	11/4/2018	5/3/2021	9,377
	Aberdeen Asset Management PLC Deferred Share Plan 2009	11/4/2018	5/3/2022	9,376
	Aberdeen Asset Management PLC Deferred Share Plan 2009	11/4/2018	5/3/2023	9,376
	Aberdeen Asset Management PLC Deferred Share Plan 2009	26/02/2018	14/8/2018	21,381
	Aberdeen Asset Management PLC Deferred Share Plan 2009	26/02/2018	14/8/2019	21,381
	Aberdeen Asset Management PLC Deferred Share Plan 2009	26/02/2018	14/8/2020	21,381
	Aberdeen Asset Management PLC Deferred Share Plan 2009	26/02/2018	14/8/2021	21,380
	Aberdeen Asset Management PLC Deferred Share Plan 2009	26/02/2018	14/8/2022	21,380
	Aberdeen Asset Management PLC Deferred Share Plan 2009	1/12/2016	1/12/2017	18,447

Director	Standard Life Aberdeen share plan	Date of original award	Expected first date of exercise	Number of Standard Life Aberdeen Shares over which awards are outstanding as at the Latest Practicable Date (including accrued dividend equivalents where delivered in shares)
	Aberdeen Asset Management PLC Deferred Share Plan 2009	1/12/2016	1/12/2018	18,447
	Aberdeen Asset Management PLC Deferred Share Plan 2009	1/12/2016	1/12/2019	18,447
	Aberdeen Asset Management PLC Deferred Share Plan 2009	1/12/2016	1/12/2020	18,447
	Aberdeen Asset Management PLC Deferred Share Plan 2009	1/12/2016	1/12/2021	18,447
	Aberdeen Asset Management PLC Deferred Share Plan 2009	1/12/2015	1/12/2016	25,419
	Aberdeen Asset Management PLC Deferred Share Plan 2009	1/12/2015	1/12/2017	25,419
	Aberdeen Asset Management PLC Deferred Share Plan 2009	1/12/2015	1/12/2018	25,419
	Aberdeen Asset Management PLC Deferred Share Plan 2009	1/12/2015	1/12/2019	25,419
	Aberdeen Asset Management PLC Deferred Share Plan 2009	1/12/2015	1/12/2020	25,419
	Aberdeen Asset Management PLC Deferred Share Plan 2009	2/12/2014	2/12/2015	20,001
	Aberdeen Asset Management PLC Deferred Share Plan 2009	2/12/2014	2/12/2016	20,001
	Aberdeen Asset Management PLC Deferred Share Plan 2009	2/12/2014	2/12/2017	20,001

Director	Standard Life Aberdeen share plan	Date of original award	Expected first date of exercise	Number of Standard Life Aberdeen Shares over which awards are outstanding as at the Latest Practicable Date (including accrued dividend equivalents where delivered in shares)
	Aberdeen Asset Management PLC Deferred Share Plan 2009	2/12/2014	2/12/2018	20,001
	Aberdeen Asset Management PLC Deferred Share Plan 2009	2/12/2014	2/12/2019	20,001
	Aberdeen Asset Management PLC Deferred Share Plan 2009	2/12/2013	2/12/2014	24,019
	Aberdeen Asset Management PLC Deferred Share Plan 2009	2/12/2013	2/12/2015	24,019
	Aberdeen Asset Management PLC Deferred Share Plan 2009	2/12/2013	2/12/2016	24,019
	Aberdeen Asset Management PLC Deferred Share Plan 2009	2/12/2013	2/12/2017	24,019
	Aberdeen Asset Management PLC Deferred Share Plan 2009	31/12/2012	31/12/2013	31,931
	Aberdeen Asset Management PLC Deferred Share Plan 2009	31/12/2012	31/12/2014	31,931
	Aberdeen Asset Management PLC Deferred Share Plan 2009	31/12/2012	31/12/2015	31,931
	Aberdeen Asset Management PLC Deferred Share Plan 2009	31/12/2012	31/12/2016	31,931
	Aberdeen Asset Management PLC Deferred Share Plan 2009	31/12/2011	31/12/2012	71,290
	Aberdeen Asset Management PLC Deferred Share Plan 2009	31/12/2011	31/12/2013	71,290

Director	Standard Life Aberdeen share plan	Date of original award	Expected first date of exercise	Number of Standard Life Aberdeen Shares over which awards are outstanding as at the Latest Practicable Date (including accrued dividend equivalents where delivered in shares)
	Aberdeen Asset Management PLC Deferred Share Plan 2009	31/12/2011	31/12/2014	71,290
Rod Paris				
	Executive LTIP	28/3/2018	28/3/2023	489,556
	Standard Life Investments LTIP	27/3/2017	27/3/2020	548,192
	Standard Life Investment LTIP	24/3/2016	24/3/2019	474,072
	Short Term Incentive Plan	29/3/2018	29/3/2021	55,082

Save as disclosed in this section, as at the Latest Practicable Date, neither the Standard Life Aberdeen Directors nor their immediate families or (so far as is known to the Standard Life Aberdeen Directors or could with reasonable diligence be ascertained by them) persons connected (within the meaning of section 252 of the CA 2006) with the Standard Life Aberdeen Directors have any interests (beneficial or non-beneficial) in the share capital of any member of the Standard Life Aberdeen Group.

7. Key individuals of the Transferring Group

The following individuals are deemed by Standard Life Aberdeen to be key to the operations of the Transferring Group:

Name	Position
Kevin Parry	Chair, SLAL
Barry O'Dwyer	Chief Executive Officer, SLAL
Stephen Percival	Chief Financial Officer, SLAL

8. Major interests in Standard Life Aberdeen Shares

As at the Latest Practicable Date, Standard Life Aberdeen had been notified in accordance with Chapter 5 of the Disclosure Guidance and Transparency Rules of the following underlying investors in 3% or more of the issued ordinary share capital of Standard Life Aberdeen (being the threshold of notification under the Disclosure Guidance and Transparency Rules).

Rank	Shareholder	Number of shares (m)	% of Standard Life Aberdeen Shares held
1.	Mitsubishi UFJ Financial Group	174.2	5.85
2.	BlackRock Inc	165.6	5.56
3.	Lloyds Banking Group	97.7	3.28
4.	Fidelity Mgt & Research	96.4	3.23
5.	The Capital Group Companies, Inc	90.3	3.03

None of the major Shareholders listed above has different voting rights attached to the Standard Life Aberdeen Shares that they hold.

Standard Life Aberdeen is not aware of any persons who, as at the Latest Practicable Date, directly or indirectly, jointly or severally, exercise or could exercise control over Standard Life Aberdeen.

As at the date of this Circular, Standard Life Aberdeen held no treasury shares.

9. Litigation

9.1 The Retained Group

Save as disclosed below, there are no, nor have there been any, governmental, legal or arbitration proceedings (nor is Standard Life Aberdeen aware of any such proceedings being pending or threatened) that may have, or have had during the last 12 months before the date of this Circular, a significant effect on the financial position or profitability of the Retained Group.

Investment management agreements between Aberdeen and the Lloyds Group

On 15 February 2018, Standard Life Aberdeen announced that relevant members of the Lloyds Group had sent Standard Life Aberdeen a notice on 14 February 2018 purporting to terminate the long-term asset management arrangements between them covering, in aggregate, around £109 billion of AuM at the end of a 12-month notice period. The annual revenue associated with the AuM is approximately £129 million or around 4.4% of Standard Life Aberdeen's financial year 2017 pro forma revenue.

Standard Life Aberdeen has informed the relevant members of the Lloyds Group that it does not agree that, following the merger of Aberdeen and Standard Life, the Standard Life Aberdeen Group was in material competition in the UK with the Lloyds Group and that, therefore, Standard Life Aberdeen does not consider that the relevant members of the Lloyds Group have the right to terminate the arrangements. The parties are engaging with each other within the framework of the dispute resolution process envisaged in the arrangements.

9.2 The Transferring Group

There are no, nor have there been any, governmental, legal or arbitration proceedings (nor is Standard Life Aberdeen aware of any such proceedings being pending or threatened) that may have, or have had during the last 12 months before the date of this Circular, a significant effect on the financial position or profitability of the Transferring Group.

10. Material contracts

10.1 *The Retained Group*

No contracts have been entered into by the Retained Group (other than contracts entered into in the ordinary course of business): (i) within the two years immediately preceding the date of this Circular that are, or may be, material to the Retained Group; or (ii) that contain provisions under which any member of the Retained Group has an obligation or entitlement that is, or may be, material to the Retained Group as at the Latest Practicable Date, save as disclosed below.

Housing Development Finance Corporation Asset Management Company joint venture

SLI and HDFC are party to a shareholders' agreement dated 10 June 2003 (the "**HDFC AMC Shareholders' Agreement**") with respect to the creation and running of HDFC AMC. HDFC AMC provides discretionary or non-discretionary investments and advisory management services rendered in India. HDFC holds 56.97% of the equity share capital of HDFC AMC. SLI holds 37.98% and the remaining 5.05% is held by other shareholders.

The HDFC AMC Shareholders' Agreement includes certain termination and compulsory acquisition rights, including upon a change of control of HDFC or SLI. Upon a change in the ownership structure of SLI or SLAC 2006 that results in the acquisition by a third party, either directly or indirectly, of more than 20% of the issued, subscribed and paid-up capital of SLI or SLAC 2006, HDFC will have 90 days from the date upon which SLI notifies it in writing of the occurrence of such a change to purchase SLI's shares in HDFC AMC at a price determined in accordance with an agreed pricing formula.

The HDFC AMC Shareholders' Agreement also sets out certain matters relating to the governance of HDFC AMC, deadlock matters, restrictions on transfers of shares in HDFC AMC and certain restrictive covenants.

On 30 November 2017, Standard Life Aberdeen announced that an enabling resolution for an IPO of HDFC AMC had been approved.

On 14 March 2018, HDFC AMC published a draft red herring prospectus in connection with its proposed IPO.

Before the publication of the draft red herring prospectus by HDFC AMC, on 13 March 2018, SLI and HDFC entered into (i) a termination agreement, which provides that, inter alia, upon the IPO of HDFC AMC, the HDFC AMC Shareholders' Agreement shall terminate; and (ii) an inter-se agreement (the "**Inter-se Agreement**") that governs certain post-listing arrangements among themselves in relation to the HDFC AMC IPO. The Inter-se Agreement provides, inter alia, that, following the listing of HDFC, SLI shall:

- cumulatively with HDFC continue to hold an aggregate of 20% of the issued share capital of HDFC AMC for three years post-completion of the HDFC AMC IPO; and
- have the right to nominate two HDFC AMC directors if its shareholding in HDFC AMC is at least 20%, and one HDFC AMC director if its shareholding is greater than 10% but less than 20%.

Heng An Standard Life joint venture

TEDA and Standard Life Aberdeen are party to a joint venture agreement dated 12 October 2009 (and as amended) (the "**HASL JV Agreement**") in relation to HASL. HASL engages in insurance business in Tianjin, China, and any other areas agreed between the parties.

Standard Life Aberdeen and TEDA each has an equity holding of 50% of HASL.

The HASL JV Agreement is subject to certain termination rights, including upon a change of the ultimate control of TEDA or Standard Life Aberdeen. Upon a change of control of Standard Life Aberdeen, TEDA has the right to terminate the joint venture and to purchase, or nominate a third party to purchase, Standard Life Aberdeen's shares in HASL. The price would be as mutually agreed between the parties or, in default of agreement, a fair and reasonable price as determined by an independent valuer. Control is defined by reference to the ownership of over 50% of the voting stock, registered capital or other interest of the relevant person, whether through the ownership of voting securities, contract or otherwise.

The HASL JV Agreement also sets out certain matters relating to the governance of HASL, deadlock matters, restrictions on transfers of shares in HASL and certain restrictive covenants.

Investment management agreements between Aberdeen and Lloyds Group

Companies in the Standard Life Aberdeen Group and the Lloyds Group are parties to investment management agreements (referred to in this section as the “**Investment Management Agreements**”) and an investment services agreement (referred to in this section as the “**Investment Services Agreement**”), pursuant to which certain Lloyds Group insurance business and wealth management companies (referred to in this section the “**Customers**”) appointed Scottish Widows Investment Partnership Limited (re-named Aberdeen Asset Investments Limited (referred to in this section as “**Aberdeen Investments**”) and Lloyds TSB Investments Limited (re-named Aberdeen Investment Solutions Limited (referred to in this section as “**Aberdeen Investment Solutions**”)), respectively, to manage the funds and assets of the Customers in accordance with the relevant investment objectives and policy and to provide certain investment advisory and related services. Aberdeen Investments and Aberdeen Investment Solutions are entitled to receive from the Customers a fee, calculated and payable monthly in arrear at varied rates depending on fund type and asset class, based on the asset value of the funds under management. No performance fees are payable to Aberdeen Investments under the Investment Management Agreements. The Investment Management Agreements and the Investment Services Agreement may be terminated by the relevant Customer on 12 months' notice not to expire before the expiry of the eight-year initial term and, in the case of the Investment Management Agreements, by Aberdeen Investments giving to the Customer not less than 12 months' notice in writing.

The Investment Management Agreements may also be terminated by the relevant Customer immediately without penalty by notice in writing if, inter alia: (i) Aberdeen Investments is in material breach of the Investment Management Agreements, or the operational service agreement (pursuant to which Aberdeen Investments is appointed to provide certain operational services), which is either irremediable or not remedied within 30 days of a notification thereof from the Customer, provided that the breach could reasonably be expected to have a material adverse effect on the value of the funds or on Aberdeen Investment's ability to perform its obligations or on the interests of the Customer's policyholders; or (ii) Aberdeen Investments ceases to have the permissions under Part 4A of FSMA in respect of the services provided under the Investment Management Agreements; or (iii) an order is made for the winding up or administration of Aberdeen Investments or a receiver or administrative receiver is appointed over the whole of its undertaking; or (iv) there is a change of control of Aberdeen Investments, where the new controller's group is in material competition in the UK with the Lloyds Group.

The Investment Services Agreement may also be terminated by the relevant Customer by notice if, inter alia: (i) Aberdeen Investment Solutions commits a material breach that is incapable of remedy, causes the Customer when acting as trustee to breach its trustee or fiduciary duties, or is capable of being cured and Aberdeen Investment Solutions does not take reasonable steps to commence to cure such breach within 14 days and/or does not cure such breach within 30 days of a notification thereof from the Customer; (ii) Aberdeen Investment Solutions commits persistent or a series of minor breaches that in aggregate are material; (iii) there is material underperformance against a relevant benchmark on a rolling 12-month or

36-month period, subject (depending on the scale of the underperformance) to a 12-month cure period; (iv) Aberdeen Investment Solutions ceases or becomes unable to pay its debts or otherwise becomes insolvent; or (v) there is a change of control of Aberdeen Investment Solutions in certain circumstances, including where the new controller is in material competition in the UK with the Lloyds Group.

The Customer may also withdraw assets from management by Aberdeen Investments under the Investment Management Agreements in certain circumstances without penalty if, inter alia: (i) in the reasonable opinion of the Customer, after consultation with Aberdeen Investments, Aberdeen Investments does not have sufficient expertise to manage the relevant fund; or (ii) a fund or strategy is closed to new investment and Aberdeen Investments is unable to offer a similar fund or strategy; or (iii) it is necessary for the Customer to comply with a direction of a court or regulator; or (iv) there is material underperformance against a relevant benchmark on a rolling 12-month or 36-month period, subject (depending on the scale of the underperformance) to a 12-month cure period.

Under the Investment Management Agreements, if the Customer wishes to terminate or withdraw assets from management before the expiry of the initial eight-year term, other than in the permitted circumstances summarised above, the Customer is required to pay to Aberdeen Investments to compensate for the loss of profitability over the remaining period of the initial eight-year term plus certain one-off costs. Under the Investment Management Agreements and the Investment Services Agreement, Aberdeen Investments and Aberdeen Investment Solutions accept responsibility for loss to the Customer to the extent such loss is caused as a result of, respectively, Aberdeen Investments' negligence, wilful default, fraud or material breach of the Investment Management Agreements or applicable regulations or Aberdeen Investment Solutions' negligence, wilful default, fraud or breach of the Investment Services Agreement or applicable law.

Please see section 13 of Part I (*Letter from the Chairman*) for further information.

SLAL IMA

SLAL and SLI are parties to the SLAL IMA, pursuant to which SLAL has appointed SLI to manage substantially all of SLAL's investment portfolio. SLI is entitled to receive a fee from SLAL, calculated and payable on a monthly basis depending on fund type and asset class, based on the asset value of the funds under management. No performance fees are payable to SLI under the SLAL IMA. The SLAL IMA may be terminated by either SLAL or SLI on 12 months' notice in writing, provided that the period of such notice does not expire earlier than the end of the initial 10-year term of the existing SLAL IMA.

The SLAL IMA may also be terminated by SLAL by notice in writing if, inter alia: (i) SLI is insolvent or has entered into a scheme of arrangement or voluntary arrangement with any of its creditors, or an order has been made for the winding up or administration of SLI or a receiver or administrator is appointed over the whole of its undertakings; (ii) SLI ceases to be authorised and regulated by the FCA where such authorisation and regulation is required for SLI to continue in business as investment manager of the portfolio under the SLAL IMA or where such cessation to be authorised or regulated results in material adverse publicity for SLI or SLAL; (iii) it is necessary to terminate the SLAL IMA to comply with a court direction, instruction of the FCA or any other competent financial regulatory authority, the FCA rules or other applicable legal or regulatory requirement; (iv) SLI is in breach of any of its material obligations under the SLAL IMA and, where the breach is capable of remedy, it is not remedied within 30 days of written notice from SLAL specifying the breach; (v) SLAL and SLI cease to be associates of each other; or (vi) there has been gross underperformance. The SLAL IMA also gives SLAL the right to replace SLI and withdraw AuM by SLI under the SLAL IMA upon 30 days' written notice (subject to a fee review process) and to withdraw up to £1.0 billion of particular investments.

Under the SLAL IMA, SLI accepts responsibility for loss to SLAL as a result of the negligence, wilful default or fraud of SLI or any of its delegates or that of its or their employees.

Phoenix IMAs

Ignis Investment (an Aberdeen Standard Investments company) and certain Phoenix Group Life Companies (namely PLL and PLAL) are parties to the Phoenix IMAs, pursuant to which the relevant Phoenix Group Life Company has appointed Ignis Investment to manage assets of the funds of the relevant Phoenix Group Life Company. Ignis Investment is entitled to receive a fee from the relevant Phoenix Group Life Company, calculated and payable on a monthly basis depending on fund type and asset class, based on the asset value of the funds under management. No performance fees are payable to Ignis Investment under the Phoenix IMAs. The Phoenix IMA may be terminated by either Ignis Investment or the relevant Phoenix Group Life Company on not less than three years' notice in writing.

Each Phoenix IMA may also be terminated by the relevant Phoenix Group Life Company by notice in writing if, inter alia: (i) Ignis Investment enters into an arrangement with its creditors, is unable to pay its debts as they become due, seeks, consents to or appoints a receiver, administrator, liquidator or trustee or analogous officer, presents or files for winding up or insolvency (or analogous proceedings); (ii) Ignis Investment ceases to hold any authorisation required to provide the services or fulfil its obligation or carry out its duties under the Phoenix IMA; (iii) Ignis Investment is guilty of fraud or criminal conduct affecting a significant amount of the assets of the relevant Phoenix Group Life Company; (iv) a substantial proportion of the assets to be managed by Ignis Investment being found by a court to include the proceeds of crime; or (v) breach of the Phoenix IMA by Ignis Investment that is of such magnitude or materiality that the relevant Phoenix Group Life Company could not reasonably be expected to comply with the terms of the Phoenix IMA. The relevant Phoenix Group Life Company may also terminate the Phoenix IMA by notice in writing if Ignis Investment ceases to be a company within the corporate group comprising Standard Life Investments (Holdings) Limited and any of its Subsidiary undertakings from time to time.

The relevant Phoenix Group Life Company may also withdraw assets from management by Ignis Investment under each Phoenix IMA in certain circumstances, inter alia: (i) to effect a transfer pursuant to Part VII of FSMA or a reinsurance arrangement; (ii) pursuant to any approved business initiative of the Phoenix Group; (iii) in the ordinary course of business of the relevant Phoenix Group Life Company; (iv) there is material underperformance against a relevant benchmark on a rolling three-year period; (v) there is underperformance against a relevant benchmark on a rolling three-year period, provided that the relevant Phoenix Group Life Company has not acted unreasonably in giving such notice (including giving Ignis Investment the opportunity to discuss the position with the relevant Phoenix Group Life Company and to propose a rectification plan); (vi) there is material underperformance against a relevant benchmark on a rolling three-year period; (vii) a key function termination right is triggered; or (viii) where Ignis Investment's appointment as the investment manager of an in-house fund is terminated.

Under each Phoenix IMA, Ignis Investment accepts responsibility for loss to the relevant Phoenix Group Life Company to the extent such loss is due to Ignis Investment's breach of the Phoenix IMA, negligence, wilful default or fraud or that of any delegate (or its or their respective officers or employees).

Arrangement with trustees of the Scheme

On 29 May 2018, Standard Life Aberdeen entered into a contract with the trustees of the Scheme. Under the contract, Standard Life Aberdeen and the trustees of the Scheme confirm that, having taken independent advice and given due consideration to the matter, they each consider that it is reasonable to conclude that: (i) the Sale; (ii) the potential repayment of certain of Standard Life Aberdeen's external debt; (iii) the B Share Scheme; and (iv) the Share Buyback Programme, would not detrimentally affect, in a

material way, the likelihood of Scheme benefits being received. Irrespective of their conclusion that there is no material detriment to the Scheme, SLA and the Scheme trustees have agreed to collaborate on the implementation of a package of three measures (referred to in this section as the “**Package**”). The first measure is a de-risking journey with a long-term target of securing all Scheme benefits currently reserved for in Standard Life Aberdeen’s technical provisions calculation. Standard Life Aberdeen has agreed to pay all expenses incurred by the Scheme trustees in implementing the de-risking journey (up to £5 million). The second measure is the amendment of Standard Life Aberdeen’s guarantee to the Scheme trustees to extend its term by 30 years and include a provision requiring Standard Life Aberdeen, if the trustees so request, to use reasonable endeavours to procure a replacement guarantee from any person obtaining control of Standard Life Aberdeen. The third measure is the establishment of a covenant monitoring framework to facilitate an ongoing supervision of covenant risk by the Scheme trustees. Standard Life Aberdeen is under no obligation to implement any part of the Package before Completion. The contract is governed by the laws of Scotland.

Subordinated debt

Standard Life Aberdeen is the issuer of the \$750,000,000 4.25% fixed rate subordinated notes due 2048 (the “**2017 Notes**”). The 2017 Notes were issued on 18 October 2017 and have a maturity date of 30 June 2048. Standard Life Aberdeen has the option to redeem the 2017 Notes on 30 June 2028 or on any interest payment date thereafter. The 2017 Notes bear interest at the rate of 4.25% per annum up to 30 June 2028, and thereafter at a rate determined by the 2017 Notes’ agent bank to be equal to the aggregate of (i) the reset margin of 1.915% per annum; (ii) the bid and offered yields of the US Treasury security selected by Standard Life Aberdeen in accordance with the terms of the 2017 Notes, as determined by reference to a specified screen page on the applicable date (with a fallback to a specified reference bank rate where the relevant rate does not appear on the specified screen page); and (iii) the step-up margin of 1.00% per annum. Interest is payable semi-annually in arrear. Payments under the 2017 Notes are subject to the satisfaction of certain conditions, including as to the solvency and regulatory capital position of Standard Life Aberdeen. Payments of interest and principal on the 2017 Notes will be deferred if such conditions are not satisfied.

Standard Life Aberdeen is the issuer of the £500,000,000 5.5% fixed rate subordinated notes due 2042 (the “**2012 Notes**”). The 2012 Notes were issued under Standard Life Aberdeen’s EUR 3,000,000,000 Euro Medium Term Note Programme on 4 December 2012 and have a maturity date of 4 December 2042. Standard Life Aberdeen has the option to redeem the 2012 Notes on 4 December 2022 or on any interest payment date thereafter. The 2012 Notes bear interest at the rate of 5.5% per annum up to 4 December 2022, and thereafter at a rate equal to the aggregate of 485 basis points and the five-year generic bid yield for UK government bonds, as determined by the 2012 Notes’ calculation agent on the applicable date. Interest is payable semi-annually in arrear. Payments under the 2012 Notes are subject to the satisfaction of certain conditions, including as to the solvency and regulatory capital position of Standard Life Aberdeen. Payments of interest and principal on the 2012 Notes will be deferred if such conditions are not satisfied.

Standard Life Aberdeen is the issuer of the £500,000,000 6.75% fixed rate perpetual reset subordinated guaranteed bonds (the “**Perpetual Bonds**”). The Perpetual Bonds were issued on 12 July 2002 and are perpetual and, as such, have no fixed date for redemption. SLAL has provided a subordinated guarantee of the Perpetual Bonds. Standard Life Aberdeen has the option to redeem the Perpetual Bonds on 12 July 2027 or on any fifth anniversary thereafter. The Perpetual Bonds bear interest at the rate of 6.75% per annum up to 12 July 2027, and thereafter at a rate equal to the aggregate of 285 basis points and the gross redemption yield of the relevant UK government benchmark gilt as determined by the Perpetual Bonds’ agent bank. Interest is payable annually in arrear. Payments under the Perpetual Bonds are subject to the satisfaction of certain conditions, including as to the solvency of Standard Life Aberdeen. Payments of interest and principal on the Perpetual Bonds will be deferred if such conditions are not satisfied.

Standard Life Aberdeen is the issuer of the £300,000,000 6.546% fixed rate mutual assurance capital securities (the “MACS”). The MACS were issued on 4 November 2004 and are perpetual securities and, as such, have no fixed date for redemption. SLAL has provided a subordinated guarantee of the MACS. Standard Life Aberdeen has the option to redeem the MACS on 6 January 2020 or on any interest payment date thereafter. The MACS bear interest at the rate of 6.546% per annum up to 6 January 2020, and thereafter at a rate equal to the aggregate of 270 basis points and the gross redemption yield of the relevant UK government benchmark gilt as determined by the MACS’ agent bank. Interest is payable annually in arrear. Payments under the MACS are subject to the satisfaction of certain conditions, including as to the solvency of Standard Life Aberdeen. Payments of interest and principal on the MACS will be deferred if such conditions are not satisfied. The MACS also include an alternative coupon satisfaction mechanism whereby deferred interest payments may, in certain circumstances, only be satisfied by the issuance and sale of ordinary shares in Standard Life Aberdeen.

Credit facility

On 22 May 2015, Standard Life Aberdeen entered into a £400 million revolving credit facility with the banks and financial institutions named therein as lenders. In May 2017, Standard Life Aberdeen exercised its option to extend the maturity date of the facility to 22 May 2022.

10.2 The Transferring Group

Save as disclosed below, no contracts have been entered into by the Transferring Group (other than contracts entered into in the ordinary course of business): (i) within the two years immediately preceding the date of this Circular that are, or may be, material to the Transferring Group; or (ii) that contain provisions under which any member of the Transferring Group has an obligation or entitlement that is, or may be, material to the Transferring Group as at the Latest Practicable Date.

SLAL IMA

SLAL and SLI are parties to the SLAL IMA, pursuant to which SLAL has appointed SLI to manage substantially all of SLAL’s investment portfolio. SLI is entitled to receive a fee from SLAL, calculated and payable on a monthly basis depending on fund type and asset class, based on the asset value of the funds under management. No performance fees are payable to SLI under the SLAL IMA. The SLAL IMA may be terminated by either SLAL or SLI on 12 months’ notice in writing, provided that the period of such notice does not expire earlier than the end of the initial 10 year term of the existing SLAL IMA.

The SLAL IMA may also be terminated by SLAL by notice in writing if, inter alia: (i) SLI is insolvent or has entered into a scheme of arrangement or voluntary arrangement with any of its creditors, or an order has been made for the winding up or administration of SLI or a receiver or administrator is appointed over the whole of its undertakings; (ii) SLI ceases to be authorised and regulated by the FCA where such authorisation and regulation is required for SLI to continue in business as investment manager of the portfolio under the SLAL IMA or where such cessation to be authorised or regulated results in material adverse publicity for SLI or SLAL; (iii) it is necessary to terminate the SLAL IMA to comply with a court direction, instruction of the FCA or any other competent financial regulatory authority, the FCA rules or other applicable legal or regulatory requirement; (iv) SLI is in breach of any of its material obligations under the SLAL IMA and, where the breach is capable of remedy, it is not remedied within 30 days of written notice from SLAL specifying the breach; (v) SLAL and SLI cease to be associates of each other; or (vi) there has been gross underperformance. The SLAL IMA also gives SLAL the right to replace SLI and withdraw AuM by SLI under the SLAL IMA upon 30 days’ written notice (subject to a fee review process) and to withdraw up to £1.0 billion of particular investments.

Under the SLAL IMA, SLI accepts responsibility for loss to SLAL as a result of the negligence, wilful default or fraud of SLI or any of its delegates or that of its or their employees.

11. Further information on the business transformation and efficiency benefits

As part of the transformation of Standard Life Aberdeen, a revised operating model has been developed and will be implemented, which is expected to enhance commercial and operational delivery of its strategy. The Sale provides the opportunity to confirm the scope and accelerate the delivery of the revised operating model and consequent efficiency savings.

Successful implementation of the revised operating model is expected to deliver at least £100 million of annual net efficiency savings by the end of 2020. The efficiency benefits are expected to be realised from application of our operating model principles, achieving consolidation of multiple locations of similar teams, elimination of duplicative overheads, greater efficiency and leveraging of operational economies of scale, streamlining of governance and management structures and rationalisation and efficiencies of internal support functions.

These savings are in addition to previously announced cost synergies arising from the integration of Standard Life Investments and Aberdeen. It is estimated that the realisation of these net efficiency savings will result in non-recurring costs in the region of £60 million, which are expected to be incurred over the period to 2020. These costs are in addition to the separation costs of approximately £250 million referred to in paragraph 7 of Part I (*Letter from the Chairman*) of this Circular.

The revised operating model and resulting estimated efficiency savings identified above reflect both the beneficial elements and relevant costs of achieving them.

Significant work has been undertaken by the management of Standard Life Aberdeen on the revised operating model from which the estimates of potential efficiency savings have been derived. The analysis undertaken by Standard Life Aberdeen in quantifying the potential efficiency savings has been informed by management's industry experience and specific understanding of the Retained Group's businesses. The potential efficiency savings have been calculated using the latest available management information and prepared on a basis that is consistent with Standard Life Aberdeen's historic financial information for the period ended 31 December 2017. In arriving at the estimate of the potential efficiency savings and associated non-recurring costs to achieve, Standard Life Aberdeen has made a number of key assumptions, including that:

- The Sale will complete in the third quarter of 2018;
- There will be no significant impact from the Sale on the underlying trading and operational performance of the Retained Group; and
- There will be no material change to macro-economic, regulatory, political, tax or legal conditions in the markets or regions in which the Retained Group will operate that materially impacts the implementation of the revised operating model.

Notes

The statements of estimated efficiency savings relate to future actions and circumstances that, by their nature, involve risks, uncertainties and contingencies and that may in some circumstances be subject to consultation with employees or their representatives. As a result, the efficiency savings referred to may not be achieved, or may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated. Neither the statements nor any other statement in this Circular should be

construed as a profit forecast or interpreted to mean that the Retained Group's earnings in the first full year following implementation of the Sale, or in any subsequent period, would necessarily match or be greater than or be less than those of Standard Life Aberdeen for the relevant preceding financial period or any other period. As a result, and given that the changes relate to the future, the resulting efficiency savings may be materially greater or less than those estimated.

12. Related party transactions

Save as set out in the information incorporated by reference referred to below, there were no material related party transactions entered into by the Standard Life Aberdeen Group during the period from 1 January 2015 up to the date of this Circular:

- Notes 46 and S of the notes to the audited consolidated financial statements, which can be found at pages 250 and 277, respectively, of the Standard Life Aberdeen 2017 Annual Report, which are incorporated by reference into this Circular as set out in section 17 of this Part XII (*Additional Information*) and available for inspection as set out in section 16 of this Part XII (*Additional Information*);
- Notes 48 and S of the notes to the audited consolidated financial statements, which can be found at pages 208 and 234, respectively, of the Standard Life 2016 Annual Report, which are incorporated by reference into this Circular as set out in section 17 of this Part XII (*Additional Information*) and available for inspection as set out in section 16 of this Part XII (*Additional Information*); and
- Notes 48 and Y of the notes to the audited consolidated financial statements, which can be found at pages 220 and 258, respectively, of the Standard Life 2015 Annual Report, which are incorporated by reference into this Circular as set out in section 17 of this Part XII (*Additional Information*) and available for inspection as set out in section 16 of this Part XII (*Additional Information*).

13. Working capital

In the opinion of Standard Life Aberdeen, the working capital available to the Retained Group is sufficient for its present requirements, that is for at least the next 12 months following the date of this Circular.

14. No significant change

14.1 The Retained Group

There has been no significant change in the financial or trading position of the Retained Group since 31 December 2017, the date to which Standard Life Aberdeen's last published audited financial statements were prepared.

14.2 The Transferring Group

There has been no significant change in the financial or trading position of the Transferring Group since 31 December 2017.

15. Consents

J.P. Morgan Cazenove, who has acted as sponsor and financial adviser to Standard Life Aberdeen in connection with the Sale and whose registered address is at 25 Bank Street, Canary Wharf, London E14 5JP, has given and has not withdrawn its written consent to the inclusion in this Circular of references to its name in the form and context in which it appears.

Fenchurch, who has acted as financial adviser and whose registered address is at Tower 42, 25 Old Broad Street, London EC2N 1HQ, has given and has not withdrawn its written consent to the inclusion in this Circular of references to its name in the form and context in which it appears.

KPMG LLP, a member firm of the Institute of Chartered Accountants in England and Wales, who has acted as auditor and reporting accountant to Standard Life Aberdeen and whose address is at 15 Canada Square, Canary Wharf, London E14 5GL, has given and has not withdrawn its written consent to the inclusion of its accountant's report on the unaudited pro forma financial information of the Retained Group set out in Part B of Part XI (*Unaudited Pro Forma Financial Information*), in the form and context in which it appears.

16. Documents on display

Copies of the following documents are available for inspection during normal business hours on any Business Day for a period beginning on the date of this Circular and ending on the date of Completion at Standard Life Aberdeen's registered office at Standard Life House, 30 Lothian Road, Edinburgh EH1 2DH, Scotland and at the offices of Standard Life Aberdeen's legal advisers, Slaughter and May, at One Bunhill Row, London EC1Y 8YY:

- the Standard Life Aberdeen Articles of Association;
- this Circular;
- the Announcement;
- the Share Purchase Agreement;
- the Standard Life 2015 Annual Report, the Standard Life 2016 Annual Report and the Standard Life Aberdeen 2017 Annual Report;
- the report by KPMG LLP set out in Part B of Part XI (*Unaudited Pro Forma Financial Information*); and
- the consent letters referred to in section 15 of this Part XII (*Additional Information*).

17. Information incorporated by reference

Information from the following documents has been incorporated by reference into this Circular:

Documents containing information incorporated by reference	Section in which the document is referred to	Where the document can be accessed by Shareholders
Standard Life Aberdeen 2017 Annual Report	Part IX (<i>Presentation of Information</i>)	https://www.standardlifeaberdeen.com/investors/financial-library/annual-report-and-accounts-2017
Standard Life Aberdeen 2017 Annual Report	Part XI (<i>Unaudited Pro Forma Financial Information</i>)	https://www.standardlifeaberdeen.com/investors/financial-library/annual-report-and-accounts-2017
Standard Life Aberdeen 2017 Annual Report	Part XII (<i>Additional Information</i>), section 5	https://www.standardlifeaberdeen.com/investors/financial-library/annual-report-and-accounts-2017

Documents containing information incorporated by reference	Section in which the document is referred to	Where the document can be accessed by Shareholders
Standard Life Aberdeen 2017 Annual Report	Part XII (<i>Additional Information</i>), section 12	https://www.standardlifeaberdeen.com/investors/financial-library/annual-report-and-accounts-2017
Standard Life 2016 Annual Report	Part XII (Additional Information), section 12	https://www.standardlife.com/dotcom/investor-information/financial results/annualreport.page
Standard Life 2015 Annual Report	Part XII (<i>Additional Information</i>), section 12	https://www.standardlife.com/dotcom/investor-information/financial results/annualreport.page

A copy of each of the documents listed is available for inspection in accordance with section 16 above.

The relevant sections of the documents incorporated by reference into this Circular (listed above) have been incorporated in compliance with Listing Rule 13.1.6R. Only the information set out above is incorporated by reference in this Circular, and is available as indicated. Except as set out above, no other portions of these documents are relevant to Shareholders for the purpose of voting on the Sale Resolution and they are not incorporated by reference into this Circular.

30 May 2018

PART XIII DEFINITIONS

1. Interpretation

- 1.1 Unless otherwise stated, all times referred to in this Circular are references to UK time.
- 1.2 All references to “Pound Sterling”, “pence” or “£” are to the lawful currency of the UK.
- 1.3 All references to “euro” or “€” are to the lawful currency of the EU (as adopted by certain member states).
- 1.4 All references to “US dollars” or “\$” are to the lawful currency of the US.
- 1.5 Unless otherwise indicated, the financial information contained in this Circular has been expressed in Pound Sterling, which is the reporting currency of the Standard Life Aberdeen Group.
- 1.6 Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.
- 1.7 All references to statutory provision or law or to any order or regulation shall be construed as a reference to that provision, law, order or regulation as extended, modified, replaced or re-enacted from time to time and all statutory instruments, regulations and orders from time to time made thereunder or deriving validity therefrom.

2. Definitions

The following definitions apply in this Circular unless the context otherwise requires:

1825	means Standard Life Aberdeen’s financial advice business;
2012 Notes	has the meaning given to it in Part XII (<i>Additional Information</i>);
2017 Notes	has the meaning given to it in Part XII (<i>Additional Information</i>);
Aberdeen	means Aberdeen Asset Management PLC, incorporated in Scotland with registered number SCo82015;
Aberdeen Group	means Aberdeen and its Subsidiaries and its Subsidiary undertakings from time to time and “ member of the Aberdeen Group ” shall be construed accordingly;
Aberdeen Standard Investments or ASI	means Standard Life Aberdeen’s asset management business, including the Aberdeen Group and the SLI Group;
Admission	means admission of the New Ordinary Shares to listing on the premium segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange;
Admission Date	means the date (as determined by the Standard Life Aberdeen directors in their absolute discretion) on which the New Ordinary

Shares are admitted to trading on the premium segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange;

ALAC	means Abbey Life Assurance Company Limited, incorporated in England and Wales with registered number 00710383;
Americas	means North America, including the United States, and South America;
Announcement	means the announcement made by Standard Life Aberdeen on 23 February 2018 in relation to the Sale;
Asia-Pacific	means Asia, the Commonwealth of Australia and New Zealand;
AuA	means assets under administration;
AuM	means assets under management;
AXA UK	means AXA UK plc;
B Share Scheme	means the issue to Shareholders of one B Share for each Existing Ordinary Share held at the Record Time in order to effect a return of capital of £1.0 billion;
B Share Scheme Resolution	means the special resolution to be proposed at the General Meeting to effect the B Share Scheme and the Share Capital Consolidation, as set out in the Notice of General Meeting at the end of this Circular;
B Shares	means the new redeemable “B” shares in the capital of the Company to be issued pursuant to the B Share Scheme;
Business Day	means a day (other than a Saturday, Sunday, public or bank holiday) on which banks are generally open for business in London and Edinburgh other than solely for trading and settlement in euro;
CA 1985	means the UK Companies Act 1985, as amended;
CA 2006	means the UK Companies Act 2006, as amended;
CAGR	means compound annual growth rate;
Capital Reorganisation	means the proposed reorganisation of Standard Life Aberdeen’s share capital comprising the issue of the B Shares and the Share Capital Consolidation;
Cash Consideration	means (i) £1,971,117,775 in cash; and (ii) if Phoenix pays to its shareholders the interim dividend for the 2018 financial year scheduled to be paid before Completion (and/or if Phoenix declares any other dividend, excluding the final dividend for 2017), in circumstances where the record date for such dividend(s) falls before Completion, an amount equal to the dividend per share in respect of such dividend(s) multiplied by the number of Consideration Shares;

CBI	means the Central Bank of Ireland;
Circular	means this document dated 30 May 2018, being a circular sent by Standard Life Aberdeen to Shareholders summarising the background to and the reasons for the Sale, and the Return of Capital, which includes the Notice of General Meeting and the information incorporated by reference into it (together with any supplements or amendments thereto);
Client Service and Proposition Agreement	means the agreement to be entered into pursuant to the Client Service and Proposition Agreement Heads of Terms;
Client Service and Proposition Agreement Heads of Terms	means the heads of terms agreed by Standard Life Aberdeen and Phoenix Group Holdings, which is described in Part V (<i>Principal Terms and Conditions of the Sale</i>);
CMA	means the Competition and Markets Authority;
Completion	means completion of the sale of the Standard Life Assurance Limited shares pursuant to the Share Purchase Agreement;
Conditions	has the meaning given to it in Part V (<i>Principal Terms and Conditions of the Sale</i>);
Consideration	means the consideration payable to Standard Life Aberdeen in connection with the Sale, comprising the Cash Consideration and the issue of the Consideration Shares to Standard Life Aberdeen;
Consideration Share Percentage	means the percentage equal to 19.99% divided by 80.01%;
Consideration Shares	means such number of Phoenix Shares that, following their issue and allotment, represent the Consideration Share Percentage of the sum of (i) the number of shares in the issued share capital of Phoenix as at the date of the Share Purchase Agreement; and (ii) the number of shares to be issued pursuant to the Rights Issue;
CRD IV	means the legislative package consisting of Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms and Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms;
CREST	means the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations);
CREST Manual	means the CREST manual issued by Euroclear;
CREST Proxy Instruction	means the instruction whereby a CREST member sends a CREST message appointing a proxy for the General Meeting and instructing the proxy how to vote and containing the information set out in the CREST Manual;

CREST Regulations	means the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended and for the time being in force;
CSPA Products	has the meaning given to it in Part IV (<i>Risk Factors</i>);
Deed of Indemnity	means the deed of indemnity to be entered into at Completion by Standard Life Aberdeen, SLAL and Phoenix (which is described in Part V (<i>Principal Terms and Conditions of the Sale</i>));
Disclosure Guidance and Transparency Rules	means the disclosure rules made by the FCA pursuant to Part VI of FSMA (as amended), referred to in section 73A(3) of FSMA, and contained in the FCA’s publication of the same name;
DRR	has the meaning given to it in Part I (<i>Letter from the Chairman</i>);
EMEA	means Europe, the Middle East and Africa;
Enlarged Phoenix Group	means the Phoenix Group following Completion and “ member of the Enlarged Phoenix Group ” shall be construed accordingly;
EU	the European Union;
Euroclear	means Euroclear UK & Ireland Limited;
Existing Ordinary Shares	means the ordinary shares of 12 2/9 pence each in the capital of Standard Life Aberdeen, prior to the Share Capital Consolidation;
FCA	means the Financial Conduct Authority;
Fenchurch	means Fenchurch Advisory Partners LLP of Tower 42, 25 Old Broad Street, London EC2N 1HQ;
FSMA	means the Financial Services and Markets Act 2000 (as amended, modified, re-enacted or replaced from time to time);
General Meeting	means the general meeting of Standard Life Aberdeen to be convened in connection with the Sale and the Return of Capital, and by the Notice of General Meeting at the end of this Circular (including any adjournment thereof);
Group Employee Share Plans	the Standard Life Aberdeen Group’s existing employee share plans being the Standard Life Sharesave Plan, the Standard Life Ireland Sharesave Plan, the Standard Life plc Executive Long Term Plan, the Standard Life Restricted Stock Plan, the Standard Life Investments Long-Term Incentive Plan, the Standard Life Short Term Incentive Plans, the Standard Life (Employee) Share Plan, the Standard Life Integration Award Plan 2017, the Aberdeen Deferred Share Plan 2009 and the Aberdeen USA Deferred Share Award Plan 2009;
HASL	means Heng An Standard Life Insurance Company Limited;
HASL JV Agreement	has the meaning given to it in Part XII (<i>Additional Information</i>);

HDFC	means Housing Development Finance Corporation Limited;
HDFC AMC	means HDFC Asset Management Company Limited;
HDFC AMC Shareholders' Agreement	has the meaning given to it in Part XII (<i>Additional Information</i>);
HDFC Life	means HDFC Standard Life Insurance Company Limited;
IFRS	means International Financial Reporting Standards;
Ignis Group	means Ignis Asset Management Limited, incorporated in Scotland with registered number SC200801, and its Subsidiaries and Subsidiary undertakings and “ member of the Ignis Group ” shall be construed accordingly;
Ignis Investment	means Ignis Investment Services Limited, incorporated in Scotland with registered number SC101825;
IMA	means investment management agreement;
Institutional	means the segment representing institutional clients, including pension funds, insurers, corporates, sovereign wealth entities, charities and educational institutions;
Inter-se Agreement	has the meaning given to it in Part XII (<i>Additional Information</i>);
IPO	means initial public offering;
J.P. Morgan Cazenove	means J.P. Morgan Securities plc (which conducts its UK investment banking activities as J.P. Morgan Cazenove) of 25 Bank Street, Canary Wharf, London E14 5JP;
Latest Practicable Date	means 29 May 2018, being the latest practicable date before the publication of this Circular;
Listing Rules	means the rules and regulations made by the UKLA under Part VI of FSMA and contained in the UKLA’s publication of the same name (as amended from time to time);
Lloyds Group	means Lloyds Banking Group plc together with its Subsidiaries and Subsidiary undertakings from time to time and “ member of the Lloyds Group ” shall be construed accordingly;
London Stock Exchange	means London Stock Exchange plc;
Long Stop Date	means 31 December 2018 (or such other date as Standard Life Aberdeen and Phoenix may agree in writing);
MACS	has the meaning given to it in Part XII (<i>Additional Information</i>);

New Ordinary Shares	means the ordinary shares in the capital of Standard Life Aberdeen arising as a result of the Share Capital Consolidation;
Notice of General Meeting	means the notice of General Meeting (together with the accompanying notes) contained in this Circular;
Official List	means the official list maintained by the UKLA in accordance with section 74(1) of FSMA for the purposes of Part VI of FSMA;
Parmenion	means Parmenion Capital Partners LLP;
Perpetual Bonds	has the meaning given to it in Part XII (<i>Additional Information</i>);
Phoenix	means Phoenix Group Holdings, incorporated as an exempted company with limited liability under the laws of the Cayman Islands with registered number 202172;
Phoenix Admission	means the admission of the Rights Issue Shares to listing on the premium segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange;
Phoenix Group	means Phoenix and its Subsidiaries and its Subsidiary undertakings from time to time and “ member of the Phoenix Group ” shall be construed accordingly;
Phoenix Group Life Companies	means PLL, PLAL and ALAC;
Phoenix IMAs	means the existing IMAs pursuant to which certain members of Aberdeen Standard Investments provide investment management services to the Phoenix Group Life Companies;
Phoenix Prospectus	means the prospectus dated 30 May 2018, relating to the Rights Issue Shares for the purposes of the Prospectus Rules, and including the information incorporated by reference into it (together with any supplements or amendments thereto);
Phoenix Re-Admission	means the re-admission of the Phoenix Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange’s main market for listed securities following the reverse takeover of SLAL by Phoenix;
Phoenix Shareholders	means the holders of Phoenix Shares from time to time;
Phoenix Shares	means the ordinary shares of €0.0001 each in the capital of Phoenix from time to time;
PLAL	means Phoenix Life Assurance Limited, incorporated in England and Wales with registered number 00001419;
PLL	means Phoenix Life Limited, incorporated in England and Wales with registered number 01016269;
PRA	means the Prudential Regulation Authority as defined by FSMA;

Prospectus Rules	means the prospectus rules made by the FCA pursuant to Part VI of FSMA (as amended), referred to in section 73A(4) of FSMA and contained in the FCA's publication of the same name;
Record Time	means the time (as determined by the Standard Life Aberdeen directors in their absolute discretion) at which the Standard Life Aberdeen Shareholder register will be assessed to ascertain which Shareholders qualify to participate in the B Share Scheme;
Registered Address	means: <ul style="list-style-type: none"> (i) the address of a Shareholder specified on the Standard Life Aberdeen register of members; or (ii) in the case of a Shareholder who is a member of the Standard Life Aberdeen Share Account, the latest address of such member registered with Link Market Services Limited acting in its capacity as nominee for the Standard Life Aberdeen Share Account;
Registrar	means Link Market Services Limited, incorporated in England and Wales with registered number 02605568, whose registered office is The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU;
Regulatory Information Service or RIS	means a regulatory information service as defined in the Listing Rules;
Relationship Agreement	means the relationship agreement to be entered into between Standard Life Aberdeen and Phoenix that will be effective from the Phoenix Re-Admission and that will govern the relationship between Standard Life Aberdeen and Phoenix (which is described in Part V (<i>Principal Terms and Conditions of the Sale</i>));
Remuneration Committee	has the meaning given to it in Part I (<i>Letter from the Chairman</i>);
Reorganisation	has the meaning given to it in section 1 of Part V (<i>Principal Terms and Conditions</i>);
Reorganisation Share Transfers	has the meaning given to it in section 1 of Part V (<i>Principal Terms and Conditions</i>);
Resolutions	means the Sale Resolution, the B Share Scheme Resolution and the Share Buyback Resolution;
Restricted Jurisdiction	means any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Sale or the Return of Capital is sent or made available to Shareholders in that jurisdiction;
Retail	means the segment representing clients who are not Institutional or Wholesale clients, including natural persons;
Retail Platforms	means the Wrap, Elevate and Parmenion businesses together;

Retained Group	means the Standard Life Aberdeen Group following Completion and “ member of the Retained Group ” shall be construed accordingly;
Return of Capital	means the B Share Scheme, the Share Capital Consolidation and the Share Buyback Programme;
Rights Issue	means the rights issue of Phoenix to raise proceeds of up to and including £950 million;
Rights Issue Shares	means the Phoenix Shares to be issued pursuant to the Rights Issue;
RPI	means the UK retail price index;
Sale	has the meaning given to it in Part I (<i>Letter from the Chairman</i>);
Sale Resolution	means the ordinary resolution of Standard Life Aberdeen proposed to be passed by the Shareholders at the General Meeting as set out in the Notice of General Meeting at the end of this Circular;
Scottish Widows Group Limited	means Scottish Widows Group Limited, incorporated in Scotland with registered number SC199547;
Share Buyback Programme	means the on-market share buyback programme intended to be undertaken by the Company post-completion of the B Share Scheme in order to return a further up to £750 million to Shareholders;
Share Buyback Resolution	means the special resolution to be proposed at the General Meeting to effect the Share Buyback Programme, as set out in the Notice of General Meeting at the end of this Circular;
Share Capital Consolidation	means the consolidation of the Existing Ordinary Shares, resulting in the issue of the New Ordinary Shares, at the ratio determined by the Standard Life Aberdeen directors in their absolute discretion in order to maintain comparability, so far as is possible, between the market price per Standard Life Aberdeen Share before and after the implementation of the B Share Scheme;
Share Purchase Agreement	means the share purchase agreement entered into on 23 February 2018 between Standard Life Aberdeen and Phoenix as amended and restated on 28 May 2018, the terms of which are described in Part V (<i>Principal Terms and Conditions of the Sale</i>);
Share Purchase Documents	means the Share Purchase Agreement, the Deed of Indemnity, the Client Service and Proposition Agreement, the revised SLAL IMA, the revised Phoenix IMAs, the transitional services agreement and the trademark licence each to be entered into as part of the Sale;
Shareholders	means the holders of Standard Life Aberdeen Shares from time to time (including members who hold such shares through the Standard Life Aberdeen Share Account) (any such holder being a “ Shareholder ”);
SIPPs	means self-invested personal pensions;

SLAC 2006	means Standard Life Assurance Company 2006, incorporated in Scotland with registered number SZ000004;
SLAL Group	means Standard Life Assurance Limited and its Subsidiaries and its Subsidiary undertakings from time to time and “ member of the SLAL Group ” shall be construed accordingly;
SLAL IGC	has the meaning given to it in Part I (<i>Letter from the Chairman</i>);
SLAL IMA	means the existing IMA pursuant to which SLI provides investment management services to SLAL;
SLAL WPC	has the meaning given to it in Part I (<i>Letter from the Chairman</i>);
SLESL	means Standard Life Employee Services Limited, incorporated in Scotland with registered number SC271355;
SLI	means Standard Life Investments Limited, incorporated in Scotland with registered number SC123321;
SLI Group	means SLI and its Subsidiaries and its Subsidiary undertakings from time to time and “ member of the SLI Group ” shall be construed accordingly;
Solvency II	means Directive 2009/138/EC on the taking-up and pursuit of the business of Insurance and Reinsurance;
Sponsor	means J.P. Morgan Cazenove;
Standard Life	means Standard Life Aberdeen before its merger with Aberdeen in 2017;
Standard Life 2015 Annual Report	means Standard Life’s annual report and audited accounts for the year ended 31 December 2015 (which includes the Standard Life Group’s audited historical consolidated financial statements for the year ended 31 December 2015);
Standard Life 2016 Annual Report	means Standard Life’s annual report and audited accounts for the year ended 31 December 2016 (which includes the Standard Life Group’s audited historical consolidated financial statements for the year ended 31 December 2016);
Standard Life Aberdeen 2017 Annual Report	means Standard Life Aberdeen’s annual report and audited accounts for the year ended 31 December 2017 (which includes the Standard Life Aberdeen Group’s audited historical consolidated financial statements for the year ended 31 December 2017);
Standard Life Aberdeen or Company	means Standard Life Aberdeen plc, incorporated in Scotland with registered number SC286832;
Standard Life Aberdeen Articles of Association	means the current articles of association of Standard Life Aberdeen or, where the context so requires, the articles of association of Standard Life Aberdeen from time to time;

Standard Life Aberdeen Board	means the Standard Life Aberdeen Directors collectively;
Standard Life Aberdeen Directors	means the directors of Standard Life Aberdeen as at the Latest Practicable Date, whose names appear in section 3 of Part XII (<i>Additional Information</i>);
Standard Life Aberdeen directors	means the directors of Standard Life Aberdeen from time to time;
Standard Life Aberdeen Group	means Standard Life Aberdeen and its Subsidiaries and its Subsidiary undertakings from time to time and “ member of the Standard Life Aberdeen Group ” shall be construed accordingly;
Standard Life Aberdeen Share Account	means the service known as the “Standard Life Aberdeen Share Account” provided by Link Market Services Limited for the purposes of holding shares in Standard Life Aberdeen on behalf of members of the Standard Life Aberdeen Share Account;
Standard Life Aberdeen Shares	means the ordinary shares in the capital of Standard Life Aberdeen, being the Existing Ordinary Shares prior to the Share Capital Consolidation, and the New Ordinary Shares arising as a result of the Share Capital Consolidation;
Standard Life Assurance Limited or SLAL	means Standard Life Assurance Limited, incorporated in Scotland with registered number SC286833;
Standard Life Bank	means Standard Life Bank plc, which was sold to Barclays Bank PLC in 2009;
Standard Life Healthcare	means Standard Life Healthcare Limited, incorporated in England and Wales with registered number 02123483, which was sold to Discovery Holdings in 2010;
Standard Life International DAC or SLIDAC	means Standard Life International DAC;
Standard Life Master Trust Co	means Standard Life Master Trust Co. Ltd, incorporated in England with registered number 09497864;
Standard Life Pension Scheme or Scheme	means Standard Life Aberdeen’s UK pension scheme;
Subsidiary	has the meaning given to it in section 1159 of the CA 2006;
Subsidiary undertaking	has the meaning given to it in section 1162 of the CA 2006;
SunLife and Embassy Business	means AXA Sun Life Direct Limited and Winterthur Life UK Holdings Limited (and certain of its subsidiaries);
Takeover Code	means the City Code on Takeovers and Mergers;
TEDA	means Tianjin TEDA International Holding (Group) Co., Limited;
Transferring Group	means the SLAL Group following the Reorganisation;

UK or United Kingdom	means the United Kingdom of Great Britain and Northern Ireland;
UKLA	means the FCA acting in its capacity as the authority for listing in the UK;
US or United States	means the United States of America, its territories and possessions, any state of the United States and the District of Columbia and all areas subject to its jurisdiction;
Vebnet (Holdings) Limited	means Vebnet (Holdings) Limited, incorporated in England and Wales with registered number 00792165;
Virgin Money	means Virgin Money Holdings (UK) Limited, incorporated in England and Wales with registered number 03087587;
Voting Form	means the voting form (whether electronic or in hard copy) for use by: <ul style="list-style-type: none"> (i) Shareholders (other than members of the Standard Life Aberdeen Share Account); or (ii) members of the Standard Life Aberdeen Share Account, in connection with the General Meeting;
Voting Record Time	means 6 p.m. on the day that is two Business Days before the date of the General Meeting or any adjournment thereof (as the case may be); and
Wholesale	means the segment representing wholesale clients including private banks, third party investment platforms, independent financial advisers, and relevant other intermediaries.

STANDARD LIFE ABERDEEN PLC
NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a **GENERAL MEETING** of the shareholders of Standard Life Aberdeen plc (the “**Company**”) will be held at the EICC, Morrison Street, Edinburgh EH3 8EE at 11 a.m. on Monday 25 June 2018 for the purpose of considering and, if thought fit, passing the resolutions set out below. Words and expressions defined in the circular of the Company dated 30 May 2018 (the “**Circular**”) of which this notice convening the General Meeting forms part (the “**Notice**”) shall, unless otherwise defined herein, have the same meaning in this Notice.

The Sale Resolution is proposed as an ordinary resolution. The B Share Scheme Resolution and the Share Buyback Resolution are proposed as special resolutions.

Sale Resolution

THAT the sale of Standard Life Assurance Limited (the “**Sale**”) as described in the Circular on the terms and subject to the conditions of a share purchase agreement dated 23 February 2018 (as amended, modified, restated or supplemented from time to time) between the Company and Phoenix Group Holdings and various other related documents is hereby approved for the purposes of Chapter 10 of the Listing Rules of the Financial Conduct Authority and that each and any of the directors and the secretary of the Company (or a duly authorised committee of the directors) are hereby authorised to conclude and implement the Sale in accordance with such terms and conditions and to make such amendments, modifications, variations, waivers and extensions of any of the terms of the Sale as the directors or any such committee may deem necessary, expedient or appropriate (provided such amendments, modifications, variations, waivers and extensions are not of a material nature) and to any documents and arrangements connected with the Sale as they may in their absolute discretion think necessary or desirable.

B Share Scheme Resolution

THAT, conditional upon: (i) Completion; and (ii) the New Ordinary Shares being admitted to the Official List of the Financial Conduct Authority and to trading on the London Stock Exchange plc’s main market for listed securities:

- (1) the draft articles of association produced to the meeting, marked “A” and signed by the Chairman of the meeting for identification purposes (the “**New Articles of Association**”), be and are hereby approved and adopted as the articles of association of the Company with effect from Admission, in substitution for, and to the exclusion of, all existing articles of association of the Company;
- (2) following the adoption of the New Articles of Association, the Standard Life Aberdeen directors (or a duly authorised committee thereof) be and are hereby generally and unconditionally authorised:
 - (i) to capitalise a sum of up to £1.0 billion standing to the credit of the Company’s merger reserve and to apply such sum in paying up no more than 3,000,000,000 redeemable preference shares in the capital of the Company, each with a nominal value which is to be determined by the Standard Life Aberdeen directors and with an aggregate nominal amount of up to £1.0 billion carrying the rights and restrictions set out in article 139 of the New Articles of Association (the “**B Shares**”) that may be allotted pursuant to the authority given by sub-paragraph (ii) below; and

- (ii) pursuant to section 551 of the CA 2006, to exercise all powers of the Company to allot and issue credited as fully paid up (provided that the authority hereby confirmed shall expire at the conclusion of the next annual general meeting of the Company) no more than 3,000,000,000 B Shares with an aggregate nominal amount of up to £1.0 billion to the holders of Existing Ordinary Shares with that allotment and issue being on the basis of one B Share for each Existing Ordinary Share held and recorded on the register of members of the Company at the Record Time, in accordance with: (i) the terms of the Circular; and (ii) the Standard Life Aberdeen directors' determination as to the number of B Shares to be allotted and issued and their nominal value; and
- (3) the Standard Life Aberdeen directors (or a duly authorised committee thereof) be and are hereby generally and unconditionally authorised to implement the Share Capital Consolidation (as described in the Circular), and to do or procure to be done all such acts and things as they consider necessary, or expedient, for the purpose of giving effect to the Share Capital Consolidation.

Share Buyback Resolution

THAT, conditional upon the passing of the Sale Resolution, the Company be and is hereby generally authorised to apply an amount not exceeding £750 million to make market purchases (within the meaning of section 693(4) of CA 2006) of Standard Life Aberdeen Shares provided that:

- (1) the maximum number of Standard Life Aberdeen Shares the Company can buy is 297,942,188;
- (2) the maximum price (not including expenses) the Company can pay for each Standard Life Aberdeen Share is the higher of:
 - (i) 5% above the average middle market price of the Standard Life Aberdeen Shares for the five business days prior to the day the purchase is made; and
 - (ii) the higher of the price of the last independent trade and the highest current independent bid price taken from the London Stock Exchange Daily Official List at the time the Company buys the Standard Life Aberdeen Shares;
- (3) the minimum price (not including expenses) the Company can pay for each Standard Life Aberdeen Share is the nominal value of each Standard Life Aberdeen Share;
- (4) this authority shall expire at the conclusion of the Company's annual general meeting held in 2019, or, if earlier, at the close of business on 28 June 2019; and
- (5) the Company may make a contract or contracts to purchase Standard Life Aberdeen Shares under this authority before its expiry which will or may be executed wholly or partly after the expiry of this authority and may make a purchase of Standard Life Aberdeen Shares pursuant to any such contract.

This authority is in substitution for all previous authorities conferred on the Company in accordance with section 701 of CA 2006 but without prejudice to any market purchases already made or agreed to be made pursuant to such authorities.

Any Standard Life Aberdeen Shares bought back under this authority can be cancelled or held in treasury. Treasury shares can be cancelled by the Company, sold for cash or used for the purposes of an employee share scheme. No dividends are paid on shares held as treasury shares, and they do not have any voting rights.

Shareholder notes

1. To be entitled to attend and vote at the General Meeting (and for the purpose of determination by the Company of the votes they may cast), shareholders who have a certificate for their shares or hold them through CREST must be on the Company's register at 6 p.m. (UK time) on 21 June 2018 or, if the General Meeting is adjourned, at the time that is 48 hours (excluding any part of a day that is a non-business day) before the time of the adjourned meeting. For persons who hold their shares in the Standard Life Aberdeen Share Account, to be entitled to attend in person you must be registered as a member of the Standard Life Aberdeen Share Account and return your voting form with your own name in the nominated proxy box by no later than 6 p.m. (UK time) on 21 June 2018 or, if the General Meeting is adjourned, at the time that is 48 hours (excluding any part of a day that is a non-business day) before the time of the adjourned meeting. Changes to the Company's register or the register for the Standard Life Aberdeen Share Account after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the General Meeting.
2. Shareholders may appoint another person (a "**proxy**") to exercise all or any of their rights to attend and to speak and vote on their behalf at the General Meeting. A shareholder may appoint more than one proxy in relation to the General Meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy does not need to be a shareholder in the Company.
3. Where you have received this Notice from the Company in hard copy, a Voting Form that may be completed either online or in paper form, and that may be used to make a proxy appointment and give voting instructions, has been provided to you along with this Notice. If you have lost or for any reason have not received a Voting Form, you can vote electronically through www.standardlifeaberdeenshares.com or contact us to request a replacement Voting Form using the contact details provided on page 19 of the Circular. Whether or not you intend to attend the General Meeting in person, please submit a Voting Form electronically through www.standardlifeaberdeenshares.com or complete, sign and return a hard copy Voting Form in accordance with the instructions printed on it as soon as possible but, in any event, so as to be received by the Registrar no later than 6 p.m. on 21 June 2018 or, if the General Meeting is adjourned, at the time that is 48 hours (excluding any part of a day that is a non-business day) before the time of the adjourned meeting.
4. If you hold your shares in uncertificated form (i.e. in CREST) you may appoint a proxy using the CREST electronic proxy appointment service, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. To be valid, a CREST Proxy Instruction must be received by Link Market Services Limited (under CREST participant ID RA10) by no later than 6 p.m. on 21 June 2018 or, if the General Meeting is adjourned, at the time that is 48 hours (excluding any part of a day that is a non-business day) before the time of the adjourned meeting. The time of receipt will be taken to be the time from which the Registrar is able to receive the message by enquiry to CREST in the manner prescribed by CREST.
5. Any person to whom this Notice is sent who is a person nominated under section 146 of the CA 2006 to enjoy information rights (a "**Nominated Person**") may, under an agreement between him or her and the shareholder by whom he or she was nominated, have a right

to be appointed (or to have someone else appointed) as a proxy of such shareholder for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

6. Nominated Persons may have a right to be appointed (or have someone else appointed) as a proxy in the circumstances set out in note 5. The statement of the rights of shareholders in relation to the appointment of proxies in note 2 above does not apply to Nominated Persons.
7. On 29 May 2018– the latest practicable business day before the printing and publication of this Notice – the Company’s issued share capital consisted of 2,979,421,884 ordinary shares, carrying one vote each. No shares were held in treasury. Therefore the total voting rights in the Company as at 29 May 2018 were 2,979,421,884.
8. Any shareholder (or their appointed proxy) attending the General Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the General Meeting but no such answer need be given if (i) to do so would interfere unduly with the preparation for the General Meeting or involve the disclosure of confidential information, (ii) the answer has already been given on a website in the form of an answer to a question, or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
9. A copy of the Notice of General Meeting, and other information required by section 311A of the CA 2006, can be found at www.standardlifeaberdeenshares.com.
10. Electronic addresses provided in the Circular or any related document (including in the Voting Form) should only be used to communicate with the Company for the purposes expressly stated.

