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Shareholder News

June 2018

The next stage in our journey



Sir Gerry Grimstone,
Chairman

On Monday 25 June, we are holding a general meeting to ask shareholders to approve the sale of our UK and European insurance business to the Phoenix Group. If all approvals we need are received, this landmark event will drive forward the next stage in Standard Life Aberdeen's journey. This is a decisive break from our past as an insurer, and offers us the potential to become one of the world's leading investment companies, returning value to shareholders and to extend and enhance our strategically important partnership with Phoenix.

Return of capital and share consolidation

We are proposing a return of capital to shareholders of £1bn by way of a B share scheme. This would mean that shareholders would receive a minimum of 33.4p per share, based on current expectations. The B share scheme would be followed by a share consolidation exercise. This seeks to ensure that, so far as possible, the market price of each of our shares would be approximately the same immediately before and immediately after the B share scheme, subject to market fluctuations. Finally, we intend to buy back up to £750 million of Standard Life Aberdeen shares.

These proposals need approval from our shareholders and you can find more information in the Circular at www.standardlifeaberdeenshares.com - you should read this in full before making any decision.

Voting and meeting details

The general meeting will be held at 11am, Monday 25 June at the EICC, Morrison Street, Edinburgh EH3 8EE and I'd encourage you to have your say. To vote online, go to www.standardlifeaberdeenshares.com and complete your choices by 6pm, Thursday 21 June.

Transforming our business

The sale of our UK and Europe pensions and savings business to the Phoenix Group completes a period of strategic transformation in our recent history – one that reflects the changing market and the evolving needs of our customers and clients.

Since Standard Life demutualised in 2006, we have completed a number of transactions that have transformed the shape of our business:

2006	Demutualisation and listing on the London Stock Exchange
2010	Sale of Standard Life Bank and Healthcare
2014	Acquisition of Ignis Asset Management
2015	Launch of 1825 advice business and sale of Canadian businesses
2016	Acquisition of Elevate
2017	Merger of Standard Life with Aberdeen Asset Management
2018	Sale of UK and European insurance business, subject to shareholder and regulatory approvals

Phoenix are the leaders in their field. They manage very large, complex mature books of business effectively and efficiently, while aiming to provide the highest quality of service. The proposed sale to Phoenix would complete our transformation to 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.

www.standardlifeaberdeenshares.com/general-meeting
To find out more about our General Meeting, voting and to read the Circular visit us online.

What does the proposed transaction involve?

The sale of our UK and Europe pensions and savings business.

The proposed sale to Phoenix includes:

The sale of our UK pensions and savings business	The sale of our Europe pensions and savings business
<ul style="list-style-type: none">• spread/risk book – for example, annuities• mature retail – business mostly written before demutualisation in 2006• retail (excluding our platform businesses)• workplace – design, development and operational support for employer workplace pension and flexible benefit schemes	<ul style="list-style-type: none">• pensions and savings businesses in Ireland, Germany and Austria

Our market-leading retail platforms – Wrap, Elevate and Parmenion – will be retained, as will our wholly owned advice business, 1825. These channels remain an important part of Standard Life Aberdeen's retail growth strategy in the UK.

A strategic partnership with Phoenix

We will also be putting in place a series of agreements and arrangements to enhance the strategic partnership between Standard Life Aberdeen and Phoenix – allowing us to collaborate across a number of areas. It's based on the complementary strengths of each business: Phoenix as a provider of administration and servicing of insurance and long-term savings books, and Standard Life Aberdeen as a leading provider of investment management solutions, retail platforms and financial advice.

As part of this partnership, our business will benefit from:

- a shareholding of approximately 19.99% in Phoenix Group Holdings
- two appointments to the Phoenix Group Holdings board
- an enhanced mandate to manage further assets and opportunities to offer products and services to Phoenix's enlarged customer base

A significant number of our employees will transfer to Phoenix to help ensure continuity in the service that customers receive. We will also license the right to use the Standard Life brand to Phoenix and will provide additional services to their business, such as marketing.

Delivering growing value

Since Standard Life demutualised in 2006, we have had a strong track record for delivering shareholder value. We are determined to continue generating value for our shareholders and maintaining this track record.

Delivering returns to shareholders

When Standard Life plc listed on the London Stock Exchange on 7 July 2006, our market capitalisation was £4.6 billion. At the 15 June 2018, our market capitalisation was £10.4 billion. Since our listing, through regular dividends and capital returns, we have returned approximately £6 billion to our shareholders. For those individuals who have held shares in our business since July 2006, we have delivered a total shareholder return of 182%, in contrast to 103% for the wider FTSE 100 over the same period.



Improving our operating model

As part of our company's transformation, we have developed a new operating model. We expect that it will help to remove complexity and duplication in our operations. The transaction with Phoenix provides the opportunity to confirm the scope of this model and accelerate how we implement it.

As a result of implementing this new model successfully, we also expect to deliver at least £100 million of annual net efficiency savings by the end of 2020. This is in addition to the £250 million of annual savings we had previously identified through the integration of Standard Life Investments and Aberdeen Asset Management.

We believe that the sale will improve how we deliver against our strategy, drive innovation in the solutions we offer to customers and clients, improve our technologies and infrastructure, and provide our people with more opportunities to grow and develop. And for shareholders, we believe our new operating model will set us up to drive further growth and value.

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Also a customer?

If you're updating your details, remember we hold our shareholder register separately from our customer database. Visit one of the websites here for local customer contact details.

UK and Ireland

www.standardlife.co.uk

Germany and Austria

www.standardlife.de
www.standardlife.at

Download our app

Keep up to date with Standard Life Aberdeen's news, share price updates and other useful information on Standard Life Aberdeen's Investor App



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

This information is written for the majority of Standard Life Aberdeen plc shareholders, including those who have a share certificate or hold their shares in the Standard Life Aberdeen Share Account. Although much of the information will be relevant to all shareholders, some details will not be relevant for everyone.

Please remember that the value of shares can go down as well as up and you may not get back the full amount invested or any income from it. All figures and share price information have been calculated as at 31 December 2017 (unless otherwise stated).

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