

Standard Life and Aberdeen Asset Management agree terms of recommended all-share merger

Dear Shareholder,

You may have seen our recent announcement to The London Stock Exchange that we're proposing a merger with Aberdeen Asset Management. This would create one of the largest active investment managers in the world.

At our recent full year results we re-stated our ambition to create a world-class investment company, and that we would do this by continuing to invest in diversification and growth, while at the same time sharpening our focus on cost discipline and efficiency. The proposed transaction accelerates our progress against these objectives.

In particular, we strongly believe that it would:

- Create one of the largest active investment managers globally and a leader in active UK asset management, with £660bn of assets under administration
- Bring together two companies with highly complementary investment capabilities and philosophies, allowing us to capitalise on evolving client demand worldwide
- Create an investment group with strong brands and an expanded global distribution reach with increased proximity to clients
- Position us for continued profitable growth with enhanced scale and diversification
- Create attractive and sustainable returns for both sets of shareholders, with approximately £200m of cost synergies expected to be realised within 3 years of completion
- Provide a strong balance sheet, supporting ongoing investment in innovation and growth and underpin our progressive dividend policy.

One of the driving forces behind our successful growth has been our culture, and I believe Aberdeen's culture and values are complementary to our own.

I would be the Chairman of the combined group, and Simon Troughton – the current chairman of Aberdeen – Deputy Chairman. The Board would be drawn equally from both companies. Keith Skeoch, our current CEO, would be co-CEO of the combined group along with Martin Gilbert, the current CEO of Aberdeen Asset Management.

The next steps will be for both Standard Life and Aberdeen to send the documents containing further detailed information on the proposed merger to our respective shareholders, expected to be despatched in early May 2017. We will then hold a separate General Meeting – some weeks after our AGM – at which shareholders will be asked to approve the proposed merger. We'll let you know the date of this General Meeting when we send out the documents in early May.

This merger brings together two fine companies and I'm greatly honoured to be asked to chair the combination. I look forward to welcoming our new colleagues. We will be successful as long as we continue to put our clients, customers, employees and good governance at the heart of what we do.

Best wishes



Sir Gerry Grimstone – Chairman
Standard Life plc

 You can find more information on the proposed merger at www.standardlife.com