Return of Value

This document contains information and examples of how to apportion base cost in your Existing Ordinary Shares between your New Ordinary Shares and your B and/or C shares. The examples are based upon the market value of New Ordinary Shares on their first day of listing on 16th March 2015 and the estimated market value of the B and / or C shares on 16th March 2015.

The information that follows is intended as a general guide for individual shareholders resident in the United Kingdom for United Kingdom tax purposes. It provides information for certain shareholders on how to apportion the base cost of Existing Ordinary Shares between New Ordinary Shares and your B and/or C shares. This information will be relevant for the purposes of calculating capital gains that may arise with respect to these shares. It does not apply to all shareholders and your attention is drawn to the further information available in the Circular ("Part 9 – Taxation") issued on 20th February.

The information is not intended for shareholders who are trustees, dealers, insurance companies or have received their shares by virtue of an office or employment. Different treatment to that outlined here may apply to shareholders who dispose of and acquire shares on the same day or who acquire shares within 30 days of having made a disposal of shares.

Shareholders who are in any doubt as to their tax position should consult an appropriate professional adviser.

Apportioning your CGT base cost

You will need to apportion your CGT base cost between your B Shares and/or C Shares and your New Ordinary Shares in order to calculate the gain or loss arising on:

(i) the redemption of your B Shares, and/or

(ii) disposal of your Deferred Shares (following the conversion of your C Shares), and

(iii) any gain or loss arising in the event that you dispose of some or all of your New Ordinary Shares in the future.

Base cost in your Existing Ordinary Shares

You will first need to determine the amount of base cost that you had in your Existing Ordinary Shares immediately prior to the Capital Reorganisation.

The following example illustrates how you would calculate base cost where you have acquired shares in a number of transactions. It assumes that there have been no previous sales of shares.

Historic acquisition prices:

The table below sets out the assumptions used for historic acquisition prices.

How shares acquired:	**Acquisition price (pence per share):**
Issued to you for free on demutualisation, 10th July 2006	Nil
Acquired at a preferential rate on the Initial Public Offering (flotation) of Standard Life plc, 10th July 2006	218.5
Open market acquisitions	Price paid

Notes:

(1) If you are a UK resident individual and have participated in the Company's scrip dividend programmes then you will have been treated as incurring expenditure upon the scrip shares issued to you equal to the "cash equivalent value" of the scrip dividend. You should therefore generally be able to treat this as additional base cost in your Existing Ordinary Shares. Please consult the tax vouchers sent to you in connection with the scrip dividends in which you have participated for details of the cash equivalent value.

(2) If you have made disposals of Existing Ordinary Shares in the past, some of your base cost as at that point will have already been taken into account in calculating the gain or loss arising on such disposal and therefore cannot be taken into account again.

(3) Where you have acquired your Existing Ordinary Shares through a combination of the methods noted in the table above the base cost of your Existing Ordinary shares will generally be the average cost of acquiring those shares.

(4) Further CGT information can be found by here - http://www.standardlife.com/shareholders/tax_information.html

Calculation of base cost

The table below sets out an illustrative example of share purchase history:

Event	**Number of shares acquired**	**Purchase / Acquisition price per share (pence per share)**	**Purchase / Acquisition cost**
Free issue of demutualisation shares	500	Nil	Nil
Discounted shares on IPO	200	218.5	£437
Purchase on the open market	300	354.3	£1,063

The base cost of your Existing Ordinary Shares is the average cost of these shares.

Number of Existing Ordinary Shares = 1,000

Base cost of shares purchased / acquired = £1,500 (Nil + £437 + £1,063)

Base cost per share = 150p (£1,500 / 1,000)

The base cost of £1,500 is the value which would be apportioned between New Ordinary Shares and B and/or C shares.

If your Existing Ordinary Shares only consist of free shares acquired on demutualisation then you have no base cost to apportion. In this scenario the chargeable capital gain on the redemption of any B shares acquired will equal the proceeds received on that redemption.

Examples of how to apportion base cost

Please note that the Company is not able to provide tax advice and these examples are for illustrative purposes only. You should accordingly seek appropriate guidance or advice when completing any tax return which reflects any matters for which the apportionment is relevant.

The CGT base cost in your Existing New Ordinary shares will be apportioned between your New Ordinary shares and your B and/or C shares received by reference to respective values at the time when the New Ordinary Shares were first traded on their day of listing, 16th March 2015.

For the purposes of the examples below the relevant value is the trading price on the first day of trading of the New Ordinary shares.

Share	**Relevant value on first day of trading, 16th March 2015 (pence per shares)**
New Ordinary shares	465.1
B and/or C shares	73

Example 1 – Election for Capital Option for all of your shares

You held 1,000 Existing Ordinary Shares which had a base cost of £1,500:

Immediately following the Capital Reorganisation you held:

818 New Ordinary Shares and 1,000 B Shares.

Your £1,500 base cost is apportioned as follows:

- to the New Ordinary Shares: (3,805 / 4,535) x £1,500 = £1,259
- to the B Shares: (730 / 4,535) x £1,500 = £241

Share	**Number of shares** **A**	**Relevant value on first day of trading, 16th March 2015 (pence per share)** **B**	**Relevant value on first day of trading, 16th March 2015** **A x B**	**Base cost (apportioned)** **(see above)**
New Ordinary shares	818	465.1	£3,805	£1,259
B shares	1,000	73	£730	£241
Total of New Ordinary Shares and B shares			£4,535	£1,500

Chargeable gain on redemption of your B Shares = £489 (disposal proceeds of £730 less apportioned base cost of £241 (subject to the availability of your annual capital gains tax exemption and any other reliefs).

Example 2 – Election for Income Option for all of your shares

Taking the same facts as in Example 1 but you received the Income Option and thus instead held 818 New Ordinary Shares and 1,000 C Shares immediately following the Capital Reorganisation.

The calculation will produce the same result on the basis that the C Shares are of equivalent value to the B Shares:

- to the New Ordinary Shares: (3,805 / 4,535) x £1,500 = £1,259

- to the C Shares: (730 / 4,535) x £1,500 = £241

Share	**Number of shares** **A**	**Relevant value on first day of trading, 16th March 2015 (pence per share)** **B**	**Relevant value on first day of trading, 16th March 2015** **A x B**	**Base cost (apportioned)** **(see above)**
New Ordinary shares	818	465.1	£3,805	£1,259
C shares	1,000	73	£730	£241
Total of New Ordinary Shares and C shares			£4,535	£1,500

Following conversion of the C Shares into Deferred Shares and the repurchase of the Deferred Shares for an aggregate consideration of one penny (i.e., a negligible fraction of one penny per Deferred Share) there will be a disposal of the asset representing your holding of C Shares and thus a **loss for CGT purposes of £241**. Whether and the extent to which you may be able to utilise this loss will depend on your particular circumstances.