PHOENIX GROUP

Phoenix Group Holdings

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Phoenix's Acquisition of AXA Wealth's Pensions and Protection Businesses

Clive Bannister, Group Chief Executive

Good morning everyone. Welcome to our presentation on the proposed acquisition of AXA Wealth's pensions and protection businesses. Jim and I will take you through the key highlights of the transaction and then we'll answer any questions you may have. I'm also here with Sam Perowne, the Head of Investor Relations.

I'm going to mention the pages as I turn them so everybody knows where I'm at, and I've turned to page four or our presentation.

The proposed acquisition is an important stage in Phoenix's evolution. We have talked in the past about the potential value that can be generated from closed life fund consolidation and today's transaction is evidence of just that.

The acquisition offers significant capital and cost synergies, leveraging both our Internal Model, which we talked about just a couple of weeks ago, and Phoenix's specialist operating model.

We meet all of our M&A criteria, with the acquisition expected to deliver increased dividends as well as reduced leverage in the future. Furthermore, it positions Phoenix to execute further value-added transactions in the future.

Turning to page five: Turning now to a quick overview of the transaction. Phoenix will acquire AXA's Embassy and SunLife businesses which have a total of over 910,000 policies. Embassy includes individual and corporate pensions as well as some investment bond business and has over £12bn of assets. It currently manages its policy administration in-house.

SunLife is the UK's leading protection business for the over 50s sector and has over 850,000 policies in force. It outsources its policy administration with Capita, which is also one of Phoenix's two main outsource partners.

Page six: The price payable is £375m in cash. This is equivalent of 71% of embedded value for those of you still thinking in what we call 'old money' and 85% of Solvency II Own Funds. However, as we stated at our recent Investor Day, our primary focus is on the actual underlying cash generation we can achieve from any acquisition. The acquisition has been conservatively financed with an equity placing alongside a new short-term debt facility. Jim will talk through how the use of Phoenix's Internal Model will generate significant capital synergies in the short term which support both the repayment of the bank facility and the increased dividend.

Page seven: Turning to the next slide, we have always been clear on the criteria that any acquisition would need to meet and today's transaction meets all four of these criteria. As I

have said, the focus of the acquisition is on the legacy back books and their cash flows, although the SunLife new business product range does complement our current vesting annuities business.

As we have said recently, cash generation is the primary metric by which we judge acquisitions. £300m of cash is expected to be generated from the acquisition by 2020, with an additional £200m after 2021.

Phoenix expects to generate significant synergies from the transaction. Capital synergies arising from bringing the business into our PRA approved Internal Model, and expense synergies arising from the application of Phoenix's Operating Model to the acquired business.

These synergies allow us to announce our plans to increase the dividend per share by 5% following completion. We have been consistent in stating that we would aim to at least sustain the dividend from any acquisition and the proposed increase is a step up to a new stable and sustainable level.

As well as being able to reward our shareholders, the immediate cash generation benefits will also allow us to repay the acquisition debt facility within six months of completion. This will lead to a reduction in our financial leverage ratio by around 2%, which will support our investment grade rating.

I will now pass you to Jim, who will take you though some of the numbers in more detail. Jim.

Jim McConville, Group Finance Director

Thank you Clive and good morning everyone.

Turning to page nine: I will start with a quick summary of some of the key metrics of the Group before and after the acquisition.

As Clive just mentioned the acquisition enhances Phoenix's cashflows, providing an additional £0.3bn of cash up to 2020, with a further £0.2bn thereafter. This has allowed us to announce a proposed increase in the current level of dividend by 5%, whilst ensuring that the capital position of the Group remains robust and resilient.

Turning to page ten, we discussed at the Investor Day a couple of weeks ago how we would remain focused on cash generation as the Group's primary key financial indicator. Simon True, our Group Chief Actuary, talked about how the Solvency II Internal Model provides us with the platform to which we can accurately access synergies and therefore price M&A transactions.

The cash generation that we expect from this acquisition is a demonstration of this, with capital synergies being driven by diversification benefits, in this case, arising predominantly from acquiring mortality risk compared with Phoenix's existing longevity exposure. The offsetting nature of these risks is highly capital efficient and therefore enhances short-term cash generation.

There remain additional cashflows over the longer term after 2020 and we can also generate further value from SunLife's ongoing new business platform that I will describe in more detail shortly.

Turning now to slide eleven, the acquired business will initially be reinsured to Phoenix Life Limited, generating significant diversification benefits through the extension of the scope of Phoenix's Internal Model.

Our Internal Model is a key component of our tool kit for assessing acquisitions and it is expected that the acquired business will be incorporated into our Internal Model within six months, subject to regulatory approval. The capital synergies generated will allow the release of £250m of cash within six months of completion, which will be used to repay the new short-term bank facility.

With regards to the Group's Solvency II surplus, the transaction will increase the surplus slightly from £1.3bn to £1.4bn post-acquisition.

Turning now to page twelve, from an operational perspective, the acquired business will be aligned with Phoenix's outsource and governance model. The majority of Embassy will be closed to new customers and we will look to leverage the benefits of our outsource model. SunLife will continue to be managed from its existing Bristol premises. However, the Phoenix governance model will ensure there is adequate oversight of the business and its existing outsourcing relationship with Capita.

The expected cash generation from the acquisition, including the £250m expected to be released within six months, includes the assumed benefit of cost synergies, as these will be reflected in the Solvency II capital position of the acquired business. However, to give you a sense of the expected savings, we anticipate annual cost synergies of £10m by the end of 2017. These synergies are measured against the acquired business's cost base in 2015. Expected post-tax integration costs are around £25m, which have also been factored into our expected cash generation numbers.

Turning to page thirteen, as I have described, the driving rationale for this transaction is the enhancement to the Group's cashflows that are delivered from integrating the acquired businesses onto Phoenix's platform. We remain a closed life fund specialist, managing legacy books of business efficiently and effectively. Our strategy of closed life fund consolidation remains unchanged.

However, SunLife also has an attractive new business franchise focused on the over-50s sector. SunLife wrote the value of new business of £17m in 2015 and the value we have attributed to the new business franchise is small as a proportion to the whole business.

Over-50s protection business is a natural hedge to Phoenix's existing stream of vesting annuities, allowing the Group to write profitable capital-light business in the future.

Turning to page fourteen, as Clive has said, this is our first acquisition for a number of years and the financing structure is a conservative one with the financing mix being roughly split 50:50 between new equity and debt. Today's equity placing is for around 10% of our shared capital or 22.5 million shares. The lock-up period does have a specific carve out for any equity raising linked to future acquisitions.

As Clive will discuss later, we remain active in the market and believe that other opportunities will become available for the Group to add value through the acquisition in the future.

In terms of the debt financing, we have agreed a new short-term bank facility that we expect will be repaid from the rapid realisation of capital synergies. The cost of this facility is low, at

an initial margin of only 85 basis points, and we retain the ability to access the accordion facility on our current revolving credit facility in the future.

Moving on to slide fifteen, one of our key criteria for acquisition is that the level of dividend per share should be at least sustained. The cash generation from today's acquisition has allowed us to announce a proposed 5% increase in the dividend per share from the time of the final 2016 dividend. This will result in an annual dividend of 56 pence per share payable in two equal instalments, as currently.

The new shares issued today as part of the placing will of course be eligible for the 2016 interim dividend that will be paid in advance of the completion of the transaction. For the avoidance of doubt, the intention is to maintain the interim dividend per share at the current level with the 5% increase applying from the final 2016 dividend payable next year. Despite this step-up in dividend, the dividend policy remains stable and sustainable.

As shown in the next slide, the new higher level of dividend payments are supported by the Group's expected cash generation.

Turning to page sixteen, given the impact of the acquisition, Phoenix expects to now generate £2.3bn of cash between 2016 and 2020, up from £2bn at the time of our results. The increased cashflows over this period will enhance the Group's interest coverage ratio, an important metric for the debt capital markets. And in terms of the additional uses of cash over the next five years, the two main changes are the repayment of the new acquisition debt facility and the higher level of dividend payments in the future.

As can be seen from the chart, these additional amounts are covered by the cash generation from the acquired businesses, which can support a higher level of dividends, as well as repay the revolving credit facility maturing by the end of 2020.

In addition, we expect a further £0.2bn of cashflows from the acquired business after 2020, as well as the future value generated by SunLife's new business franchise.

I will now pass you back to Clive to wrap up.

Clive Bannister

Jim, thank you very much.

I'm now on page eighteen. Today's announcement marks an important step in Phoenix's evolution. Those of you who have followed us for some time will remember the significant work that has had to take place to rehabilitate the Group's balance sheet and achieve both an investment grade rating, as well as regulatory approval for our Internal Model. This work has allowed us to now return to the core strategy of the Group, delivering value through the acquisition and management of closed life funds.

Page nineteen. There remain, in our opinion, significant M&A opportunities available to Phoenix in the UK. I have discussed in the past the various sources of opportunities and the motivations of vendors to look to dispose of their back books. AXA would be classed as one of the foreign owners of a UK life book, but there remains a large universe of other prospects. We will remain active in seeking further acquisitions in the short term.

Turning to page 20. In summary, today's acquisition provides significant benefits to the Group and all of its stakeholders. Phoenix's platform consisting of our Solvency II internal

model, together with our outsourced operating model, drives the significant cashflow benefits from this acquisition. We have been able to reward shareholders whilst further enhancing the strength of our balance sheet.

Finally, this transaction positions Phoenix for further acquisitions in the UK life industry in the future.

So, ladies and gentlemen that brings us to the end of our formal presentation. Jim and I will be happy to take any questions you may have. If you would give us your name, the name of the institution for whom you work that would be most helpful.

Question 1

Andy Hughes, Macquarie

Just a quick question if I could on the over-50s plans. If I've got this right a lot of the capital synergies, the £250m come from the over-50s plans part and diversification. So, if you sell on that business in future presumably you would lose that? And I guess I'm looking at the PRA notification about internal model companies and changing risk profiles; is there risk following that announcement to the £250m or is it pretty secure?

The second question could you break down the AUM you've acquired as part of this? Because I had a look round; I couldn't find which products related to the £13bn or so of assets you're putting on the balance sheet. That would be really helpful, thank you.

Clive Bannister

There were three questions from Andy: one talking about the value and the back books and what would happen in an on-sell situation of SunLife; the second one is the security of that £250m; and the final question was about the £12bn of assets – that £12bn adds to the current £47bn we have at the moment, taking the total to £59bn. So, Jim, you'll deal with the last two. Let me deal with the first one.

So, the value of this transaction is in the closed life aspects of the business. There are two sources of closed life business: there is the Embassy, and there is also the closed book or the back book associated with SunLife. Those are the things that contribute to the value of the business that we are buying. And then there is the open book with the SunLife business which is, as you've described, Whole of Life. So, let's deal with those one at a time.

It is the capital synergies that are released from the back book which will deliver the £500m of cash – and Jim will talk about the security of that £250m in a few minutes. And it is our intention to hold onto and continue to keep as open the SunLife business which we see as: it's first of all very well managed; it's highly branded and has a significant market share; it is also a natural hedge to our existing stream of vesting annuities; a capital-lite business and provides the opportunity to cross sell to our existing 4.5 million policyholders. So, there is no discussion about the on-sell of that business. And we secure the value of this transaction by managing the back books of both the SunLife business and also Embassy.

Jim, do you want to talk about the security of that £250m and how we expect it to arrive within the six months, and then deal with the AUM of £12bn?

Jim McConville

Yes, thank you Clive. So, let me talk about the steps that drive the capital release, Andy, that you referred to.

First of all, as you know, we are an internal model firm, and on acquisition the AXA business will be accounted for as a standard formula from the outset. But it's very much our intention to bring that business onto our internal model as soon as possible.

There are a number of steps that actually drive that capital release. First of all we will position the AXA companies as sister companies to our existing life companies, Phoenix Life and Phoenix Life Assurance, so they will be within our life company umbrella and managed within our existing governance models.

We will enter into a reinsurance agreement on day one between the AXA businesses and Phoenix Life Ltd. That then allows the surplus capital in AXA business to be released. We will then also it triggers the recalculation of the transitionals within Phoenix Life Ltd, recognising that the AXA businesses did not have any transitional relief. And we will obviously be submitting our application to change to the internal model for the AXA businesses. That will take time to get regulatory approval, which we estimate around six months.

So, the £250m capital release reflects effectively the benefits of that diversification, the benefits of the transitionals and the harmonisation into our internal model. And clearly what drives the transitional calculations is the fact that Phoenix Life's risk profile has changed. So, we have shared our thinking obviously with the PRA in the discussions leading up to this transaction so they're fully aware of how we are thinking about this. Whilst we've still to get obviously formal regulatory approval we wouldn't be at this stage if we didn't think that was a sensible thing to do.

Andy Hughes

On that bit does that mean it's not at six months you get the full capital benefit; you're going to get quite a lot of it much earlier than that?

Jim McConville

Some of it will come earlier than that. We're not giving a breakdown of the exact timing, but it's not all at the end because it's driven by different elements of the factors that I just ran through.

In terms of the assets under management the £12bn refers to AXA's Wealth and pensions business, so that's individual pensions, corporate pensions business and some investment bond business. The SunLife business has a much lower level of assets: a figure around about £100m, which is gilts and cash in the main.

Andy Hughes

On a final point, when I looked at the AXA Wealth PRA returns I couldn't see £12bn. I saw a lot of trustee investment plans, about £7bn. Is that the way to think about it: a big chunk of the £12bn is TIPs?

Jim McConville

Well, I'll go back to obviously the AXA transaction, as you know there have been three different elements of the AXA sale, the Elevate business to SunLife and so on. So, it's quite a complex transaction. So what's reflected in the PRA returns will also reflect the reinsurance arrangements that AXA already have. So, I think when you've accounted for the reinsurance you will get back to the bulk of that £12bn figure.

Question 2

Will Robins, Citywire

A simple question: will this result in any reduction of headcount, any job losses, from those at the AXA businesses?

Clive Bannister

Will, thank you very much indeed. We're announcing a transaction, but obviously it's subject to regulatory approval which we hope to receive in the autumn. Until that time this business is run entirely by AXA. We have made it clear that we intend to close AXA's Wealth to new business. There will be some impact. It is too early, and we will await closing before we say anything more on that subject.

Question 3

Kailesh Mistry, HSBC

Can you just help us understand if doing this deal affects your ability to do further deals in the coming months before closure? Are there any constraints?

And secondly, just to clarify on the cash flow projections you've provided, am I correct in thinking these do not include management actions after 2021; cash generation potentially from the open protection business; further potential of cost saving by changing the SunLife outsourcing contract; and the potential to transfer assets under management to Standard Life? And on that last point if you could just remind us what you would get if you were to do that?

Clive Bannister

Kailesh, thank you very much indeed. Two questions: one is about our ability to do other deals in the future, and whether we suffer any constraints. And then your question about the cash flows as advertised and whether they do not include, and you mention, management actions, AUM and additional value of new business sold. So, I'll let Jim deal with the second question. Let me deal with the first question.

So this is a Class II transaction, and in our opinion does not therefore preclude us from doing other deals. So, there are no constraints. What our Board has to think about are three aspects: one of which is management breadth, bandwidth; the second is our financing support; and the third is where our regulators may be.

So, dealing in reverse order: clearly our regulators are aware of what we are announcing today and understand our plans for the AXA business. They have also recognised that there will be further consolidation in the UK life business in which we intend to play a full part.

With regards to financing, as Jim explained a few minutes ago, this is being supported by an equity placing which is taking place as I speak now, and also debt support from other consortia banks that have supported us over the last five years. We looked at a larger transaction last year and therefore we are fully confident that there remains available and full support from our financiers were we to consider additional or future transactions.

And then finally in terms of management bandwidth, there is a good quality SunLife business which we intend to tuck in under our life company and take forward. And with regards to the Embassy business we will be closed to new business and it is entirely in line with what we have done in the past as an organisation in term of being the UK's largest closed life consolidator. So, we have plenty of additional bandwidth to consider future transactions.

Jim, do you want to deal with the cashflow?

Jim McConville

I think at the heart of your question, Kailesh, is the prudence in the cash flow estimates that we put out. So, first of all to confirm that: the cashflows that we have shown beyond 2020 do not include any benefit from management actions. This is consistent with what we do for our existing business where the £3.2bn that we referred to in our Year-End presentation also did not include any management actions.

In regards to this transaction as well as the no management actions beyond that period, we are not recognising any benefit from cross sales of SunLife products into our existing customer base. Nor are we recognising at this stage any asset management synergies, because we've no immediate plans to change the asset managers. And in addition you're quite correct to say that the SunLife contract we have assumed remains on its existing Capita arrangement. And clearly we have an important relationship with Capita ourselves.

So the other thing I would refer you to is we have always met or exceeded our targets in the past in relation to cash generation.

And finally your question in relation to the fees related to the asset management contract that we agreed with Standard Life. So if we were to transfer monies to Standard Life, if that was a decision taken by the life companies, we would be entitled to 15% of the fee income that Standard Life would earn for any assets under £5bn, and 20% of the fees if it was more than £5bn that was transferred.

<u>Question 4</u>

Marcus Barnard, Numis

Just a couple of quick questions, firstly on the funding I appreciate you had a surplus at the end of full year '15 on both the Solvency II and holding company cash level in terms of cash, and obviously if you'd done this all from internal resources it would have stretched your capital ratios. I just wondered if you could talk a bit more about why you didn't do this with more debt rather than instead of raising equity?

And secondly, when I look at the slide 16 I think where you show your cashflows out to 2015 I mean I guess the question I've got here is your illustrative holding company cash at full year '20 stays the same at £0.8bn and your dividends only rise by £0.1bn over the period, so I'm sort of scratching my head a bit thinking well you've got this extra £2.3bn of cash and shareholders get back an extra £0.1bn in dividend but we're left in 2020 with the same

holding company cash figure. There's probably some flaw in my thinking but can you just explain that please?

Clive Bannister

Marcus thank you, that was a two-part question, I'll deal with the first part about the mix between equity and debt and then Jim will take the second part.

Jim used the phrase that this was conservatively financed, we're unapologetic about that, this is our first deal since we were a publicly quoted company six years ago, it is deliberately conservative, it leads to a decline in leverage of 2% upon the repayment of a loan we hope in about six months. It protects and enhances our investment grade rating, that's immensely important to us, that in time may contribute to the lowering of the cost of our debt which is good for equity shareholders and we believe that it enhances the stability and resilience of the overall enterprise which makes us a more plausible counterparty as we look at future transactions. So we think we've got the mix right between debt and equity.

Jim, do you want to talk about that slide 16 and the holding co cash, starting at £700m and ending at £800m and what happens between the two?

Jim McConville

Yes, so what that slides shows, it's in a format you'll recognise from past presentations, so it shows the sources of cash generation which are consistent with the targets that we've set and then the known uses of cash from that point which is largely the repayment of debt pension contributions, some head office costs and dividend costs. I think the bit that you're missing Marcus is the fact that we are repaying the short term debt facility so that's included in the numbers which brings you to the £0.1bn for shareholders but of course the shareholders also benefit from the £200m of cash beyond 2020 which would, in terms of the increased dividend that we've announced, last for another ten years or so. I think that answers that question.

Marcus Barnard

Can I follow up?

Clive Bannister

Please.

Marcus Barnard

Yes, looking at your cash beyond 2020 that goes from £3.2m to £3.4m?

Clive Bannister

Correct.

Marcus Barnard

Which is an increase of what, 6% and you've got 10% more shares in issue? I'm just wondering what does that do for your future cashflow per share?

Clive Bannister

Well Marcus, it's a very fair question, you've done the maths, but 2020 if we haven't done another transaction I'll be very surprised.

Marcus Barnard

Okay, fair enough.

Clive Bannister

Yes, and Jim in answer to an earlier question says that we have not factored in any additional management actions in the cash close post 2021.

<u>Question 5</u>

Andrew Sinclair, Bank of America Merrill Lynch

The first question is just on the £375m price, that's mentioned it's net of adjustments for expected items as of completion. I just wondered if you could tell us a bit more about what these adjustments are and if any of those are part of the £250m today released in the first six months, for example is the reinsurance agreement that you mentioned on day one in one or both elements, just to understand that?

And secondly, again just looking at the £250m release in the first six months, comparing that with the £0.3bn over 2016 to 2020, I suppose, similar to what Kailesh was mentioning, how much upside risk is there to the £0.3bn figure? I mean the difference between the £250m and £0.3bn figure seems pretty low, is that just down to rounding to £0.3bn?

Clive Bannister

So Jim, I think both those questions are you, what are the components of the adjustment in price announced at £375m and then a view of the £250m in the context of the £300m cash release in five years.

Jim McConville

So first of all the £375m price being narrow adjustments, there is a lock box mechanism being employed for this which means there could be potential adjustments related to costs and the like, but they're expected to be absolutely de minimis in the scheme of things, Andrew, when we get to completion, so there's nothing to do with the reinsurance or anything like that, it's just the method by which we roll forward to completion.

In terms of the timing of the cash flows out to 2020 I mean that timing reflects a number of things which we've discussed, first of all the reinsurance arrangements that we're putting in place, the receipt of and the unwind of the transitional benefits that we get when we put the new risk profile into Phoenix Life Limited and the harmonisation going on to our internal model. And as discussed this leads effectively to an acceleration of the cash release and consequently therefore in later years there is a lower amount of release. So what you see is in the later years, for example, it's impacted by the unwind of the transitional provisions and so on. So it's simply a reflection of the way in which we've put the capital structure into this deal.

Andrew Sinclair

Thanks. If I could just follow up on one final point, I just wondered where specifically will the transitionals be applying to?

Jim McConville

They'll be Phoenix Life Ltd.

Andrew Sinclair

Sorry, for the AXA book, whereabouts are they…?

Jim McConville

Yes, but once the reinsurance takes place into Phoenix Life Ltd and then Phoenix Life with a changed risk profile get the recalculation of the transitions.

<u>Question 6</u>

Andy Hughes, Macquarie

So I guess following up on the cashflow question I just want to look at the AXA Wealth costs. I can see unit cost which is quite eye watering which I guess reflects the scale of the business and things like bonds, £133 a year annual cost. So are you rolling forward your cashflows based on not including any expense synergies or are they already based, and how sensitive it is to these expense assumptions? Because presumably when you close to new business you'll be able to cut the expenses back quite considerably.

And I guess the follow on question is when you do close to new business what does that mean for kind of the corporate pension side of AXA's business? Does that mean you'll continue to write new members to those schemes and if you don't does that mean you'll lose a lot of the assets? Thank you.

Clive Sinclair

Jim, I think there's a two-part question there.

Jim McConville

Yes, so Andy you're clearly a man that loves to read the PRA returns.

Clive Bannister

That's a compliment Andy.

Andy Hughes

Oh yes, I really do.

Jim McConville

I mean the cost synergies arise in a number of areas and they are reflected in the cashflow projections and the capital release that we spoke about. So overall we're seeking to leverage the Phoenix operating model as we know it today. So AXA today have a model where the SunLife business as we said is outsourced to Capita which is an existing Phoenix relationship, but the Embassy business is run in-house. So our plans and the cashflow projections reflect the fact that we will be moving the Embassy business onto our outsourcing model and therefore reflect the cost that we would expect for that business under that model.

Andy Hughes

Is that already in the MCEV numbers you're quoting as well? So when you say 71% of MCEV is that included?

Jim McConville

The MCEV number which we quoted is the AXA MCEV number. As you know we no longer report MCEV but because we're in this transition from old to new money we thought it was useful to quote both the MCEV number which is the AXA basis which was 71% and the ratio against their own funds which is the higher number because of the risk margin at 85%.

So that reflects AXA's view of the cost profile going forward, but is reflective of what it will be under our ownership.

Andy Hughes

Roughly how different would it be, because I imagine this is quite sensitive to the expense assumption, presumably the discount you use in your expenses post deal would be even more than the 29% you're disclosing here?

Jim McConville

Well we're not giving out any MCEV figures on our bases as we've dropped it as a metric, Andy.

Andy Hughes

Okay, thanks. And on the corporate pensions business?

Jim McConville

So the corporate pensions business, as I said in Embassy we expect to close the majority of that business but we do recognise that there are certain corporate businesses which will likely remain open to new business.

<u>Question 7</u>

George Hay, Reuters

Just a simple question about the cash flow projections we've come out with over the next, well I mean it's £0.3bn until 2020 and then £0.2bn after that, of that £500m is the £250m inclusive of that or part of that or am I looking at that in the wrong way?

Jim McConville

No, it's very much part of it, so the capital synergies, the £250m we talk about relates to capital synergies but these in turn drive the cash flow.

George Hay

So effectively that's a cash flow benefit going forward?

Jim McConville

Correct.

George Hay

So effectively it's £375m? I mean is it as if you're paying £375m minus £250m?

Jim McConville

No, no you can't add the £250m capital release onto the cashflow numbers, they're not additive.

George Hay

Right, but the benefit you're getting from this is £300m between 2016 and 2020, but you basically just divide that into… You're not giving any more detail about when that comes, that's just…?

Jim McConville

Well one way to think about it given the way, so we're paying £375m for the business, clearly we're taking on debt as part of the financing structure which we hope to repay very quickly so that will leave you effectively a figure of around £125m and that then compares with the future cashflows going forward which are double that number.

Concluding Comments, Clive Bannister

Thank you very much indeed everybody for taking the time to be on this call, as I said right at the outset this is an important evolutionary step for the Group which is good news for policy holders and shareholders alike, in addition as well for looking at future transactions. Thank you very much indeed.