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**Private and confidential**

The Board of Directors (the "**Directors**")  
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Your ref

Our ref LS/ Camb

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Investment Bank) ("**Barclays**")  
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14 March 2019

Dear Sir/ Madam

**Published Report on Quantified Financial Benefits Statement by Oxford plc ('Oxford')**

We refer to the statement (the "**Statement**") made by the Directors set out in Part A of Appendix IV to the announcement dated 14 March 2019 entitled "*Recommended all-share combination of Oxford plc and Cambridge plc*" (the "**Announcement**") to the effect that:

*"The Board of Oxford is confident that, as a direct result of the Combination, the Combined Group will generate meaningful cost synergies and create additional shareholder value. The Oxford Board, having reviewed and analysed the potential cost synergies of the Combination, and taking into account the factors they can influence, believes that the Combination will result in £22 million of pre-tax cost synergies on an annual run-rate basis (based on the pro forma results of the Combined Group for the*



year ended 31 December 2018) by the third anniversary of the completion of the Combination.

The Oxford Board expects approximately 30% of these cost synergies to be achieved by the end of the first 12-month period following completion of the Combination, approximately 75% by the end of the second 12-month period following completion of the Combination and the full run-rate by the third anniversary of completion of the Combination. On this basis, approximately 10% of the cost synergies are expected to be recognised in the first 12-month period following completion of the Combination, approximately 40% in the second 12-month period following completion of the Combination and approximately 90% in the 12-month period ending on the third anniversary of completion of the Combination.

The Board of Oxford expects these anticipated quantified cost synergies will accrue as a direct result of the Combination and would not be achieved on a standalone basis.

The quantified cost synergies, which are expected to originate from the cost bases of both Oxford and Cambridge, are expected to be realised from:

- (A) the appropriate removal of duplicate senior management roles and central and support functions (expected to contribute approximately 50% of the full run-rate pre-tax cost synergies);
- (B) efficiencies from combined lending operations (expected to contribute approximately 20% of the full run-rate pre-tax cost synergies);
- (C) bringing Cambridge's savings account operations in-house (expected to contribute approximately 20% of the full run-rate pre-tax cost synergies); and
- (D) other operational efficiencies (expected to contribute approximately 10% of the full run-rate pre-tax cost synergies).

It is expected that the realisation of these quantified cost synergies would give rise to one-off pre-tax costs to achieve of approximately £39 million. These are expected to be phased broadly evenly across a three year period following completion of the Combination.

Aside from the one-off exceptional costs referred to above and the costs associated with the potential acceleration of the Combined Group's expected MREL requirement, the Board of Oxford does not expect any material pre-tax dis-synergies to arise in connection with the Combination."

The Statement has been made in the context of the disclosures in Part A of Appendix IV to the Announcement setting out, *inter alia*, the basis of the Directors' belief (including the principal assumptions and sources of information) supporting the Statement and their analysis and explanation of the underlying constituent elements.



This report is required by Rule 28.1(a) of the City Code on Takeovers and Mergers (the "City Code") and is given for the purpose of complying with that requirement and for no other purpose.

**Responsibilities**

It is the responsibility of the Directors to prepare the Statement in accordance with the requirements of Rule 28 of the City Code.

It is our responsibility to form an opinion, as required by Rule 28.1(a)(i) of the City Code as to the proper compilation of the Statement and to report that opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed, 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 Rule 23.2 of the City Code, consenting to its inclusion in the Announcement.

**Basis of preparation of the Statement**

The Statement has been prepared on the basis stated in Part A of Appendix IV to the Announcement.

**Basis of opinion**

We have discussed the Statement, together with the underlying plans, with the Directors, Barclays Bank plc (acting through its investment bank) and N.M. Rothschild & Sons Limited. Our work did not involve any independent examination of any of the financial or other information underlying the Statement. We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board of the United Kingdom.

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 Statement has been properly compiled on the basis stated.

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.

We do not express any opinion as to the achievability of the benefits identified by the Directors in the Statement. The Statement is subject to uncertainty as described in Part A of Appendix IV to the Announcement. Because of the significant changes in the enlarged group's operations expected to flow from the transaction and because the Statement relates to the future, the actual benefits achieved are likely to be different from those anticipated in the Statement and the differences may be material.



*KPMG LLP*  
*Published Report on Quantified Financial Benefits Statement by Oxford plc ('Oxford')*  
*14 March 2019*

***Opinion***

On the basis of the foregoing, we report that in our opinion the Statement has been properly compiled on the basis stated.

Yours faithfully

*KPMG LLP.*

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