

**Proposed transfer of the whole business of
Standard Life Investment Funds Limited (SLIF) to Standard Life Assurance Limited (SLAL)**

QUESTIONS & ANSWERS

1.	What is being proposed?	<p>To transfer the whole business of Standard Life Investment Funds Limited (SLIF) to Standard Life Assurance Limited (SLAL), the main life and pensions company within the Standard Life Group. The proposed transfer would be carried out under the terms of a scheme to be approved by the Court of Session in Edinburgh under Part VII of the Financial Services and Markets Act 2000.</p>
2.	Why has the transfer been proposed?	<p>A new European Union-wide regulatory regime for the insurance industry – called Solvency 2 - means we need to evaluate how we conduct our insurance business. The new regime introduces fundamental reform to the capital requirements expected of EU insurers and reinsurers.</p> <p>We believe it is more capital-efficient for the Standard Life Group, when meeting our regulatory requirements, to simplify our corporate structure – particularly where there is intra-group reinsurance such as the current arrangements between Standard Life Assurance Limited (SLAL) and Standard Life Investment Funds Limited (SLIF).</p> <p>Streamlining our insurance business will also reduce the administrative costs of complying with the requirements of Solvency 2.</p>
3.	If the transfer goes ahead, what will the changes be?	<p>The main change will be that the reinsurance arrangements between Standard Life Assurance Limited (SLAL) and Standard Life Investment Funds Limited (SLIF) no longer exist.</p> <p>The other changes will generally have little impact on policyholders:</p> <ul style="list-style-type: none"> • SLIF's policyholders – who are other UK insurance companies – will change insurer. • No other Standard Life policyholders will change insurer and they are not required to take any action. • While SLAL policies will no longer be reinsured by SLIF, there will be no change in the policyholders' fund options, charges, customer service contacts or administration. • SLAL policyholders who chose to have unit linked benefits invested in the funds of other insurance companies will be unaffected – but in future that investment will be made directly on their behalf by SLAL rather than via SLIF. <p>The transfer will make sure that the safeguards and security introduced for SLAL policyholders when Standard Life demutualised in 2006 remain in place. These matters are specifically addressed in the Report of the Independent Expert (see Q10 below).</p> <p>If you hold policies with other insurance companies and chose to have unit linked benefits invested in Standard Life funds, your funds will be managed by SLAL instead of SLIF but your benefit entitlements will stay the same. We have also sought to replicate the cover provided in respect of floating charges granted by SLIF in the floating charge which will now be granted by SLAL.</p> <p>As part of his report on the proposed transfer, the Independent Expert has considered the floating charge on the assets of SLAL on the implementation of the transfer. He considers that it is unlikely to have a</p>

		materially adverse effect on the benefit expectations of SLAL's policyholders. You can read a summary of his report here or his full report here .
4.	Why haven't I received a letter about this?	<p>If you are a Standard Life Assurance Limited (SLAL) policyholder, the proposed transfer is not expected to have a material effect on your policy. We consulted the Financial Services Authority (FSA) about seeking a waiver from the Court of Session in Edinburgh (Court) from the requirement to write to the SLAL policyholders. The FSA agreed that we did not need to issue a letter to you in these circumstances and we were granted a waiver from the Court at a hearing that took place on 27 October 2011. Standard Life Investment Funds Limited (SLIF) policyholders have been contacted separately.</p> <p>If you would like to read more about the transfer, you can download copies of the documentation relating to the transfer at http://www.standardlife.com/transfer</p> <p>If you would like to know anything else about the proposed transfer not contained within these Questions and Answers, you can contact us on 0845 608 1493, or write to us at CAS, 32-34 Beckenham Road, Beckenham, Kent BR3 4FA.</p>
5.	I am a Standard Life policyholder. How will my policy be affected?	<p>The only Standard Life policyholders whose policies will be affected are the policyholders of Standard Life Investment Funds Limited (SLIF), which are other UK insurance companies.</p> <p>No other Standard Life policyholders will change insurer - so you will see no difference in the administration of your policy and you are not required to take any action.</p> <p>The transfer will make sure that the safeguards and security introduced for Standard Life Assurance Limited (SLAL) policyholders when Standard Life demutualised in 2006 remain in place. These matters are specifically addressed in the Report of the Independent Expert (see Q10 below).</p>
6.	I am a Standard Life shareholder. Will I be asked to vote on the transfer?	No, this proposal doesn't need to be voted on because it is an internal restructuring agreed between the boards of directors of Standard Life Assurance Limited (SLAL) and Standard Life Investment Funds Limited (SLIF).
7.	What does Standard Life Assurance Limited (SLAL) do?	<p>Standard Life Assurance Limited (SLAL) is the main life and pensions company within the Standard Life Group. It was created when Standard Life demutualised in 2006 and is authorised and regulated by the Financial Services Authority (FSA) to undertake long term insurance business. Almost all insurance policies at that time were transferred to SLAL. Almost all new insurance policies issued by Standard Life since then have been provided by SLAL.</p> <p>Through a process called intra-group reinsurance SLAL currently passes on some of its liabilities under these policies to its subsidiary company Standard Life Investment Funds Limited (SLIF).</p>
8.	What does Standard Life Investment Funds Limited (SLIF) do?	<p>Standard Life Investment Funds Limited (SLIF) is a subsidiary company of Standard Life Assurance Limited (SLAL). It is authorised by the Financial Services Authority (FSA) and has no policyholders of its own, other than other insurance companies.</p> <p>All but one of SLAL's UK and Irish unit linked policies are currently reinsured to SLIF. SLIF also provides reinsurance to certain other insurance companies, whose policyholders have chosen to have their policies invested in Standard Life's linked funds.</p> <p>SLIF also reinsures some of SLAL's other UK and Irish liabilities.</p>

9.	Should I expect new documentation from you?	<p>No if you are a Standard Life Assurance Limited (SLAL) policyholder. This proposal doesn't change any part of your policy.</p> <p>We have written to those insurance companies whose liabilities are reinsured to Standard Life Investment Funds Limited (SLIF) to advise them of the proposal.</p> <p>If you would like to read more about the transfer, you can download copies of the documentation relating to the transfer at http://www.standardlife.com/transfer</p>
10.	What is the legal process for transferring the business of SLIF to SLAL?	<p>The formal process by which the business of Standard Life Investment Funds Limited (SLIF) will transfer to Standard Life Assurance Limited (SLAL) is an Insurance Business Transfer under Part VII of the Financial Services and Markets Act 2000. The terms on which the proposed transfer is to take place are set out in a technical document known as the 'scheme'. The scheme has been submitted to the Court of Session in Edinburgh (Court) for its approval.</p> <p>The Court will not approve the transfer unless it is satisfied that it is appropriate to do so. Accordingly, the Court will enquire into whether the transfer is fair to all affected policyholders and third parties. In assessing the scheme's fairness to policyholders, the Court will take account of the opinions of an Independent Expert and the Financial Services Authority (FSA).</p> <p>The Independent Expert, approved by the FSA, has been appointed to consider the effects of the proposed transfer on all affected policyholders and has submitted his report to the FSA and the Court. You can read a summary of his report here or his full report here.</p> <p>The FSA, as the UK's insurance supervisory body, has also been consulted on our plans.</p>
11.	I think I will be affected by the proposal, who do I contact?	<p>If you believe you would be adversely affected by the proposed transfer, you are entitled to put your objections to the Court.</p> <p>If you wish to know more about the business transfer, including the intended timetable for the transfer and court procedure, and your right to put objections to the Court of Session, you can contact us on 0845 608 1493, or write to us at CAS, 32-34 Beckenham Road, Beckenham, Kent, BR3 4FA.</p>
12.	Can I object?	<p>The proposed transfer should not have any material effect on the policyholders of Standard Life Assurance Limited (SLAL). However, if you have any questions about the proposed transfer that are not covered by these Questions and Answers, you can contact us on 0845 608 1493, or write to us at CAS, 32-34 Beckenham Road, Beckenham, Kent, BR3 4FA.</p> <p>If you have any concerns that we cannot address and you consider that you will be adversely affected by the proposed transfer, you should lodge written Answers (formal written objections) to the Court at Parliament House, Parliament Square, Edinburgh EH1 18Q by no later than 9 December 2011. If, having lodged Answers, you want them to be taken into account by the Court, you should ensure that either you or an advocate instructed on your behalf attends the final hearing. If you are unable to attend in person or do not wish to represent yourself, you may wish to instruct a solicitor, who will be able to advise you on how you can be represented at the hearing.</p> <p>If you lodge Answers but choose not to attend the hearing the Court may decide not to take your objections into account. However, your objections will be considered by the Court-appointed Reporter (who is a senior lawyer appointed by the Court to provide a further report about</p>

		<p>the application to the Court).</p> <p>While representations or objections may be heard if Answers are not lodged in advance, anyone who does not lodge Answers is strictly heard only at the Court's discretion. The recent practice of the Court has been to take account of informal representations or objections, whether made in writing or in person at the hearing to sanction the scheme.</p> <p>If you do intend to come to the hearing at the Court, please give not less than 5 working days' written notice of your intention to attend the hearing and the reasons for any objections to Dundas & Wilson CS LLP at Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EN, quoting PM/STA077.0009.</p>
13.	Why should I write to your solicitors to give notice of my intention to attend the court hearing?	<p>We ask that you write to our solicitors confirming your reasons for attending the hearing in order that we, the Court-appointed Reporter, the FSA and the Independent Expert can find out in good time what objections you intend to advance at the hearing and can consider how much time is likely to be required at the hearing to consider these objections.</p>
14.	When will the proposed transfer happen?	<p>The Court will be asked to approve the transfer at a hearing that is expected to take place on 20 December 2011. You should check with us or the Court to confirm the time/date of the hearing closer to the time. Subject to the approval of the Court, we expect the business transfer to become effective on 31 December 2011.</p>
15.	What notifications will you send to advise of the outcome of the hearing?	<p>We don't intend sending out any further letters but a series of notices will be published after the Court has given its approval to the transfer.</p>
16.	Who will bear the costs of the transfer?	<p>Standard Life Assurance Limited (SLAL) will bear the costs and expenses incurred in the transfer.</p>
17.	What changes are being made to the 2006 Scheme and how will these affect me?	<p>The terms on which the proposed transfer is to take place are set out in a technical document known as the "scheme". The scheme is to a very limited and technical extent inconsistent with the scheme under which The Standard Life Assurance Company (SLAC) transferred substantially all of its business to Standard Life Assurance Limited (SLAL) in 2006 (2006 Scheme).</p> <p>Accordingly, we are also asking the Court to approve two variations to the 2006 Scheme (Variations).</p> <p>The Variations are not intended to alter the commercial effect of the 2006 Scheme.</p> <p>The Independent Expert has also considered the changes which are proposed to the 2006 Scheme and confirms in his Report that the changes proposed to the 2006 Scheme will not materially or adversely affect the interests of SLAL's policyholders transferred from SLAC under the terms of the 2006 Scheme. You can read a summary of his report here or his full report here.</p>