

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

This Prospectus, which comprises a prospectus relating to Standard Life and the New Shares, has been prepared in accordance with the Prospectus Rules made under section 73A of FSMA. This Prospectus has been approved by the FCA in accordance with section 87A of FSMA and has been filed with the FCA and made available to the public in accordance with PR 3.2. This Prospectus has been prepared in order to provide details of the New Shares to be issued and allotted pursuant to the Merger.

The release, publication or distribution of this Prospectus, in whole or in part, in, into or from jurisdictions other than the UK may be restricted by the laws of those jurisdictions and, therefore, persons into whose possession this Prospectus comes should inform themselves about and observe any applicable requirements. Any failure to comply with these restrictions may constitute a violation of the securities laws of one or more of such jurisdictions. In particular, this Prospectus should not be released, published, distributed, forwarded or transmitted, in whole or in part, in, into or from any Restricted Jurisdiction.

**INVESTORS SHOULD READ THE WHOLE OF THIS PROSPECTUS (INCLUDING ALL THE INFORMATION INCORPORATED INTO IT BY REFERENCE) CAREFULLY AND IN ITS ENTIRETY. IN PARTICULAR, INVESTORS SHOULD TAKE ACCOUNT OF PART II (RISK FACTORS) WHICH CONTAINS A DISCUSSION OF THE RISKS WHICH MAY MATERIALLY AFFECT THE VALUE OF AN INVESTMENT IN STANDARD LIFE, THE COMBINED GROUP AND/OR THE NEW SHARES. INVESTORS SHOULD NOT RELY SOLELY ON THE INFORMATION SUMMARISED IN PART I (SUMMARY).**

---

**STANDARD LIFE PLC  
(TO BE RENAMED STANDARD LIFE ABERDEEN PLC)**

*(a public company incorporated with limited liability in Scotland with  
registered number SC286832)*

**Proposed issue of up to 999,848,295 New Shares of 12 <sup>2</sup>/<sub>9</sub> pence each to be issued by Standard Life in connection with the recommended all-share merger of Standard Life and Aberdeen and application for admission of such New Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities**

---

The Existing Standard Life Shares are listed on the premium listing segment of the Official List and traded on the London Stock Exchange's main market for listed securities. Applications will be made to: (i) the FCA for the New Shares to be admitted to the premium listing segment of the Official List; and (ii) the London Stock Exchange for the New Shares to be admitted to trading on its main market for listed securities. It is expected that, subject to the satisfaction or waiver (if capable of waiver) of certain Conditions (including the sanction of the Scheme by the Court but not including those Conditions which relate to Admission), the New Shares will be admitted to listing on the premium listing segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange and that dealings in the New Shares will commence by 8.00 a.m. on 14 August 2017.

The New Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Existing Standard Life Shares, including in relation to the right to receive notice of, and to attend and vote at, general meetings of Standard Life, the right to receive and retain any dividends and other distributions declared, made or paid by reference to a record date falling after the Effective Date and to participate in the assets of Standard Life upon a winding-up of Standard Life. No application has been made or is currently intended to be made by Standard Life for the New Shares to be admitted to listing or trading on any other exchange.

Prospective investors should only rely on the information contained in this Prospectus. No person has been authorised to give any information or make any representation other than those contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been so authorised by Standard Life, the Standard Life directors, the Standard Life Group, Goldman Sachs International, Fenchurch or any other person involved in the Merger. In particular, the contents of Standard Life's and Aberdeen's websites, the contents of any website accessible from hyperlinks on such websites or any other website referred to in this Prospectus do not form part of this Prospectus and prospective investors should not rely on them. Without prejudice to any legal or regulatory obligation on Standard Life to publish a supplementary prospectus pursuant to section 87G of FSMA and PR 3.4, neither the delivery of this Prospectus nor Admission shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Standard Life Group, the Aberdeen Group and/or the Combined Group, each taken as a whole since the date of this Prospectus or that the information in it is correct as of any time after the date of this Prospectus. Standard Life will comply with its obligation to publish supplementary prospectuses containing further updated information as required by law or by a regulatory authority and, in particular, its obligations under the Prospectus Rules, the Listing Rules and the Disclosure Guidance and Transparency Rules (as appropriate) but assumes no further obligation to publish additional information.

Goldman Sachs International, which is authorised by the PRA and regulated by the FCA and PRA in the UK, is acting exclusively as sponsor and lead financial adviser for Standard Life and no one else in connection with the Merger, Admission and other matters referred to in this Prospectus and will not be responsible to anyone other than Standard Life for providing the protections afforded to its clients or for providing any advice in connection with the Merger and will not regard any other person (whether or not a recipient of this Prospectus) as its client in relation to the Merger, the contents of this Prospectus or any matter referred to in this Prospectus.

Fenchurch, which is authorised and regulated by the FCA, is acting exclusively as financial adviser for Standard Life and no one else in connection with the Merger and will not be responsible to anyone other than Standard Life for providing the protections afforded to its clients or for providing any advice in connection with the Merger and will not regard any other person (whether or not a recipient of this Prospectus) as its client in relation to the Merger, the contents of this Prospectus or any matter referred to in this Prospectus.

Apart from the responsibilities and liabilities, if any, which may be imposed on Goldman Sachs International or Fenchurch by FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, Goldman Sachs International, Fenchurch and any person affiliated with them assume no responsibility whatsoever and make no representation or warranty, express or implied, in respect of the contents of this Prospectus including its accuracy, completeness or verification or for any other statement made or purported to be made by them or on their behalf or by or on behalf of Standard Life in connection with Standard Life and the Merger and nothing in this Prospectus shall be relied upon as a promise or representation in this respect whether as to the past, present or future. Goldman Sachs International and Fenchurch accordingly disclaim, to the fullest extent permitted by

applicable law, all and any liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above) which it might otherwise have to any person, other than Standard Life, in respect of this Prospectus or any such statement.

Persons accessing this Prospectus are authorised solely to use it for the purpose of considering the terms of the Merger and are prohibited from reproducing or distributing this Prospectus, in whole or in part, disclosing any of its contents or using any information herein for any purpose other than considering the terms of the Merger and an investment in the New Shares.

**Neither the contents of this Prospectus nor any subsequent communication from Standard Life, the Standard Life directors, the Standard Life Group, Goldman Sachs International, Fenchurch any other person involved in the Merger or any of their respective affiliates, officers, directors, employees or agents are to be construed as legal, financial or tax advice. If you are in any doubt about the contents of this Prospectus or the action you should take, it is recommended that you seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or independent financial adviser (who is, if you are resident in the UK, duly authorised under FSMA or, if you are not resident in the UK, an appropriately authorised independent financial adviser).**

## **NOTICE TO OVERSEAS SHAREHOLDERS**

### ***General***

The availability of New Shares under the Merger to Aberdeen Shareholders who are not resident in the UK may be affected by the laws of the relevant jurisdictions in which they are resident. This Prospectus has been prepared for the purpose of complying with English law and applicable regulations and the information disclosed may not be the same as that which would have been disclosed if this Prospectus had been prepared in accordance with the laws of jurisdictions outside the UK.

Unless otherwise determined by Standard Life or required by the City Code, and permitted by applicable law and regulation, the Merger will not be implemented and documentation relating to the Merger or the Consideration shall not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction. Accordingly, copies of this Prospectus are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from any Restricted Jurisdiction and persons with access to such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in, into or from any Restricted Jurisdiction.

This Prospectus does not constitute an offer to sell or issue or the solicitation of an offer to buy, acquire or subscribe for shares in the capital of Standard Life in any Restricted Jurisdiction or to any person to whom it is unlawful to make such offer or solicitation. None of the securities referred to in this Prospectus shall be sold, issued or transferred in any jurisdiction in contravention of applicable law and/or regulation.

It is the responsibility of each person into whose possession this Prospectus comes to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection with the distribution of this Prospectus, the receipt of the Consideration and the implementation of the Merger and to obtain any governmental, exchange control or other consents which may be required, comply with other formalities which are required to be observed and pay any issue, transfer or other taxes due in such jurisdiction. To the fullest extent permitted by applicable law, Standard Life, the Standard Life directors, the Standard Life Group, Goldman Sachs International, Fenchurch and all other persons involved in the Merger disclaim any responsibility or liability for the failure to satisfy any such laws, regulations or requirements.

Further details relevant for Aberdeen Shareholders in overseas jurisdictions are contained in the Scheme Document.

## **NOTICE TO US ABERDEEN SHAREHOLDERS**

This Prospectus shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. None of the securities referred to in this Prospectus have been approved or disapproved by the SEC, any state securities commission in the US or any other US regulatory authority, nor have such authorities passed upon or determined the fairness or merits of such securities or upon the adequacy or accuracy of the information contained in this Prospectus. Any representation to the contrary is a criminal offence in the US.

The Merger is to be implemented by a scheme of arrangement provided for under the CA 2006. As such, the New Shares have not been and will not be registered under the US Securities Act and the New Shares are to be issued in reliance upon the exemption from the registration requirements of the US Securities Act provided by section 3(a)(10) thereof and exemptions from registration and qualification under applicable state securities laws and also would not be subject to the proxy solicitation or tender offer rules under the US Exchange Act. The New Shares received by any Aberdeen Shareholders who will be deemed to constitute an affiliate of Standard Life after the Effective Date will be subject to the limitations on transfer imposed upon securities held by affiliates by US securities laws.

For the purposes of qualifying for the exemption from the registration requirements of the US Securities Act afforded by Section 3(a)(10), Aberdeen will advise the Court that its sanctioning of the Scheme will be relied upon by Standard Life and Aberdeen as an approval of the Scheme following a hearing on its fairness which all Scheme Shareholders are entitled to attend in person or through counsel to support or oppose the sanctioning of the Scheme and with respect to which notification has been given to all such Scheme Shareholders.

The Merger may, in the circumstances provided for in the Cooperation Agreement, be implemented by way of a takeover offer under the CA 2006. If so, any securities to be issued under the Merger may be registered under the US Securities Act or issued in reliance upon an exemption thereunder, if available. If the Merger is implemented by way of an Offer, it will be done in compliance with the applicable rules under the US Exchange Act, including any applicable exemptions provided thereunder.

The Consideration comprises the shares of a UK company and the Merger and this Prospectus are subject to UK procedural and disclosure requirements that are different from those of the US. Any financial statements or other financial information included in this Prospectus may have been prepared in accordance with non-US accounting standards that may not be comparable to the financial statements of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US. It may be difficult for holders of New Shares located in the US to enforce their rights and any claims they may have arising under the US federal securities laws in connection with the Merger since Standard Life is located in a country other than the US and some or all of its officers and directors may be residents of countries other than the US. Holders of New Shares located in the US may not be able to sue Standard Life or its directors or officers in a non-US court for violations of US securities laws. Furthermore, it may be difficult to compel Standard Life and its respective affiliates to subject themselves to the jurisdiction or judgment of a US court.

Investors should be aware that Standard Life may purchase or arrange to purchase Aberdeen Shares otherwise than under any takeover offer or scheme of arrangement related to the Merger, such as in open market or privately negotiated purchases.

Aberdeen Shareholders are urged to read any documents related to the Merger filed, furnished or to be filed or furnished by Standard Life with the SEC because they will contain important information regarding

the Merger and any related offer of securities. Such documents will be available free of charge at the SEC's website at [www.sec.gov](http://www.sec.gov). Nothing in this Prospectus shall be deemed as an acknowledgement that any SEC filing is required or that an offer requiring registration under the US Securities Act may ever occur in connection with the Merger.

#### **NOTICE TO SHAREHOLDERS RESIDENT IN JAPAN**

The New Shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan. Accordingly, the New Shares may not be offered, sold, resold, delivered, distributed or otherwise transferred, directly or indirectly, in or into Japan, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act of Japan and other relevant laws and regulations of Japan.

#### **NOTICE TO SHAREHOLDERS RESIDENT IN SINGAPORE**

This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of shares in Standard Life may not be circulated or distributed, nor may the shares in Standard Life be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than pursuant to, and in accordance with, the conditions of an exemption in Section 273(1)(c) of the Securities and Futures Act, Chapter 289 of Singapore ("**SFA**") or pursuant to, and in accordance with, the conditions of an exemption under any provision (other than Section 273(1)(c)) of Subdivision (4) of Division 1 of Part XIII of the SFA.

Certain terms used in this Prospectus have the meanings ascribed to them in Part XVII (*Definitions*).

The date of this Prospectus is 9 May 2017.

## TABLE OF CONTENTS

PART I SUMMARY	1
PART II RISK FACTORS	17
PART III PRESENTATION OF INFORMATION	55
PART IV DIRECTORS, COMPANY SECRETARY, REGISTERED AND HEAD OFFICES AND ADVISERS	60
PART V EXPECTED TIMETABLE OF PRINCIPAL EVENTS AND INDICATIVE STATISTICS	62
PART VI INFORMATION ABOUT THE MERGER	65
PART VII INFORMATION ABOUT THE STANDARD LIFE GROUP	83
PART VIII INFORMATION ABOUT THE ABERDEEN GROUP	93
PART IX FINANCIAL INFORMATION IN RELATION TO STANDARD LIFE AND THE STANDARD LIFE GROUP	103
PART X OPERATING AND FINANCIAL REVIEW OF THE STANDARD LIFE GROUP	108
PART XI FINANCIAL INFORMATION IN RELATION TO ABERDEEN AND THE ABERDEEN GROUP	111
PART XII UNAUDITED PRO FORMA FINANCIAL INFORMATION	115
PART XIII REGULATORY OVERVIEW	123
PART XIV TAXATION	139
PART XV DIRECTORS, PROPOSED DIRECTORS, SENIOR MANAGEMENT AND CORPORATE GOVERNANCE	149
PART XVI ADDITIONAL INFORMATION	202
PART XVII DEFINITIONS	232

**PART I  
SUMMARY**

Summaries are made up of disclosure requirements known as “Elements”. These Elements are numbered in Section A to Section E (A.1 to E.7).

This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of security and issuer, it is possible that no relevant information can be given regarding the Element. In this case, a short description of the Element is included in the summary with the mention of “not applicable”.

<b>Section A - Introduction and warnings</b>		
<b>Element</b>		
A.1	<b>Introduction and warning to investors</b>	<p>This summary should be read as an introduction to this Prospectus.</p> <p>Any decision to invest in the New Shares should be based on consideration of this Prospectus as a whole by the investor.</p> <p>Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states of the EEA, have to bear the costs of translating this Prospectus before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the New Shares.</p>
A.2	<b>Resale or final placement of securities through financial intermediaries</b>	<p>Not applicable. No consent has been given by Standard Life or any person responsible for drawing up this Prospectus to use this Prospectus for subsequent resale or final placement of the New Shares by financial intermediaries.</p>

<b>Section B - Issuer</b>		
<b>Element</b>		
B.1	<b>Legal and commercial name</b>	<p>Standard Life plc, which will be renamed Standard Life Aberdeen plc on or around the Effective Date.</p>
B.2	<b>Domicile/legal form/legislation under which the issuer operates/ country of incorporation</b>	<p>Standard Life is a public limited company incorporated under the laws of Scotland with registered number SC286832 and is domiciled in the United Kingdom. Standard Life operates principally under the CA 2006 and the regulations made thereunder.</p>

B.3	<b>Current operations and principal activities and markets</b>	<p>The Standard Life Group is an insurance and investment management business that administers approximately £362 billion<sup>1</sup> of assets on behalf of its customers and clients. It employs approximately 6,300 people internationally through businesses in the UK, Europe, North America, Asia and Australia. The Standard Life Group’s business was established in Edinburgh in 1825 and aims to manage, administer and advise on assets for customers and clients.</p> <p>Standard Life Investments specialises in active asset management and provides a wide range of investment solutions and funds to customers and clients in 45 countries around the world. These are available to institutional clients and also to retail investors through wholesale distributors and platforms.</p> <p>Long-term savings and investment propositions are provided by the Standard Life Group’s Pensions and Savings business. This business is primarily based in the UK, with operations in Ireland and Germany and serves around 4.5 million customers and clients.</p> <p>The Standard Life Group’s associate businesses in India, HDFC Asset Management and HDFC Life, provide mutual funds and individual and group life insurance. The Standard Life Group’s joint venture in China, Heng An Standard Life, has 82 offices offering life and health insurance products.</p>
B.4a	<b>Significant recent trends of the company and its industry</b>	<p>The following trends will continue to shape the global asset management, savings and investment landscape in which Standard Life and Aberdeen operate.</p> <p><i>Democratisation of financial risk</i></p> <p>Customers and clients are having to take more responsibility for their and their families’ financial futures – driving the need for financial guidance, advice and simpler products and services. Standard Life’s and Aberdeen’s client landscape is changing, forcing Standard Life and Aberdeen to broaden their focus. There continues to be a gradual withdrawal of governments as pension providers and increasingly the buyers of asset management services are individuals, rather than the institutions of the past. Changes in legislation have also empowered retirees to make more of their own investment decisions and individuals are increasingly demanding immediacy, simplicity, transparency and personalisation.</p> <p><i>Rebuilding trust in financial services</i></p> <p>The global financial crisis damaged trust in financial services organisations. This drives the need for investment companies to be transparent in the way they operate, and through the products and services they provide. Investment companies will need to adapt to an environment of increased regulation. Globally, regulators are focused on protecting investors and trying to restore confidence in the integrity of markets. The increase in regulatory scrutiny is adding to industry complexity and requiring managers to be agile in responding to change. The cost of meeting expanding regulatory requirements also makes scale increasingly important within the asset management industry.</p> <p><i>Innovation, technology and digitalisation</i></p> <p>Innovation of products and services is becoming more important – to allow investment companies to work more efficiently while improving the ways customers and clients can access, invest and keep track of their assets.</p>

<sup>1</sup> Pursuant to the Standard Life Group’s unaudited internal records, it had £367.1 billion of assets under administration as at 31 March 2017.

		<p>Demand also continues to grow for next generation investment products, including multi-asset solutions and alternative asset classes such as private equity, infrastructure and private debt.</p> <p><i>Slow growth, low inflation, compressed return environment</i></p> <p>In these market conditions, customers and clients are looking for simple and transparent products, with clear outcomes that will meet their investment needs.</p> <p>The macro environment has a significant impact on the demand for Standard Life's and Aberdeen's products and their investment performance. Recent macroeconomic trends include low growth, low inflation, low interest rates, ageing populations in the West, excess of savings over investment and weak productivity. The combination of Aberdeen and Standard Life offers investors a wide range of high quality investment solutions to address investor needs. With a strong focus on active management, the company seeks to enhance investor returns over the medium / long term.</p>												
B.5	<b>Group structure</b>	<b>Standard Life is currently the ultimate holding company of the Standard Life Group. If the Merger completes, Standard Life will be the ultimate holding company of the Combined Group.</b>												
B.6	<b>Major shareholders</b>	<p>As at the Latest Practicable Date, Standard Life had been notified in accordance with DTR 5 of the direct and/or indirect interests of the following underlying investors in 3% or more of the issued ordinary share capital of Standard Life (being the threshold of notification under the Disclosure Guidance and Transparency Rules):</p> <p><b>MAJOR SHAREHOLDERS (AS AT THE LATEST PRACTICABLE DATE)</b></p> <table border="1"> <thead> <tr> <th>Name</th> <th>Number of Standard Life Shares</th> <th>% of Existing Standard Life Shares</th> <th>Anticipated % of Standard Life Shares immediately following Admission</th> </tr> </thead> <tbody> <tr> <td>BlackRock Inc.</td> <td>118,749,303</td> <td>6.0%</td> <td>3.9%</td> </tr> <tr> <td>Henderson Global Investors</td> <td>77,742,805</td> <td>3.9%</td> <td>2.6%</td> </tr> </tbody> </table> <p>None of Standard Life's major shareholders has different voting rights attached to the Existing Standard Life Shares that they hold.</p> <p>Standard Life is not aware of any persons who, as at the Latest Practicable Date, directly or indirectly, jointly or severally, exercise or could exercise control over Standard Life.</p>	Name	Number of Standard Life Shares	% of Existing Standard Life Shares	Anticipated % of Standard Life Shares immediately following Admission	BlackRock Inc.	118,749,303	6.0%	3.9%	Henderson Global Investors	77,742,805	3.9%	2.6%
Name	Number of Standard Life Shares	% of Existing Standard Life Shares	Anticipated % of Standard Life Shares immediately following Admission											
BlackRock Inc.	118,749,303	6.0%	3.9%											
Henderson Global Investors	77,742,805	3.9%	2.6%											

B.7	<b>Selected historical key financial information</b>	<p><b>Financial information in relation to the Standard Life Group</b></p> <p>Selected historical financial information which summarises the results of operations and financial condition of the Standard Life Group for the three financial years ended 31 December 2016, 31 December 2015 and 31 December 2014, prepared in accordance with IFRS issued by the IASB as adopted by the EU, is set out in the following tables.</p> <p>Information provided for the financial years ended 31 December 2016, 31 December 2015 and 31 December 2014, is audited and has been extracted without material adjustment from the Standard Life 2016 Annual Report, the Standard Life 2015 Annual Report and the Standard Life 2014 Annual Report, respectively.</p> <p><b>CONSOLIDATED INCOME STATEMENT</b></p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;">2016 £m</th> <th style="text-align: right;">2015 £m</th> <th style="text-align: right;">2014 £m</th> </tr> </thead> <tbody> <tr> <td><b>Revenue</b></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Net earned premium</td> <td style="text-align: right;">2,092</td> <td style="text-align: right;">2,228</td> <td style="text-align: right;">2,343</td> </tr> <tr> <td>Investment return</td> <td style="text-align: right;">15,376</td> <td style="text-align: right;">5,460</td> <td style="text-align: right;">13,179</td> </tr> <tr> <td>Fee income</td> <td style="text-align: right;">1,186</td> <td style="text-align: right;">1,120</td> <td style="text-align: right;">985</td> </tr> <tr> <td>Other income</td> <td style="text-align: right;">75</td> <td style="text-align: right;">84</td> <td style="text-align: right;">81</td> </tr> <tr> <td><b>Total revenue</b></td> <td style="text-align: right;"><b>18,729</b></td> <td style="text-align: right;"><b>8,892</b></td> <td style="text-align: right;"><b>16,588</b></td> </tr> <tr> <td><b>Total expenses</b></td> <td style="text-align: right;"><b>18,003</b></td> <td style="text-align: right;"><b>8,386</b></td> <td style="text-align: right;"><b>15,952</b></td> </tr> <tr> <td>Share of profit from associates and joint ventures</td> <td style="text-align: right;">63</td> <td style="text-align: right;">43</td> <td style="text-align: right;">36</td> </tr> <tr> <td><b>Profit before tax</b></td> <td style="text-align: right;"><b>789</b></td> <td style="text-align: right;"><b>549</b></td> <td style="text-align: right;"><b>672</b></td> </tr> <tr> <td>Tax expense attributable to policyholders' returns</td> <td style="text-align: right;">302</td> <td style="text-align: right;">134</td> <td style="text-align: right;">250</td> </tr> <tr> <td><b>Profit before tax expense attributable to equity holders' profits</b></td> <td style="text-align: right;"><b>487</b></td> <td style="text-align: right;"><b>415</b></td> <td style="text-align: right;"><b>422</b></td> </tr> <tr> <td>Total tax expense</td> <td style="text-align: right;">370</td> <td style="text-align: right;">211</td> <td style="text-align: right;">292</td> </tr> <tr> <td>Less: Tax attributable to policyholders' returns</td> <td style="text-align: right;">(302)</td> <td style="text-align: right;">(134)</td> <td style="text-align: right;">(250)</td> </tr> <tr> <td><b>Tax expense attributable to equity holders' profits</b></td> <td style="text-align: right;"><b>68</b></td> <td style="text-align: right;"><b>77</b></td> <td style="text-align: right;"><b>42</b></td> </tr> <tr> <td><b>Profit for the year from continuing operations</b></td> <td style="text-align: right;"><b>419</b></td> <td style="text-align: right;"><b>338</b></td> <td style="text-align: right;"><b>380</b></td> </tr> <tr> <td>Profit for the year from discontinued operations</td> <td style="text-align: right;">-</td> <td style="text-align: right;">1,147</td> <td style="text-align: right;">127</td> </tr> <tr> <td><b>Profit for the year</b></td> <td style="text-align: right;"><b>419</b></td> <td style="text-align: right;"><b>1,485</b></td> <td style="text-align: right;"><b>507</b></td> </tr> <tr> <td><b>Attributable to:</b></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Equity holders of Standard Life plc</td> <td></td> <td></td> <td></td> </tr> <tr> <td>    From continuing operations</td> <td style="text-align: right;">368</td> <td style="text-align: right;">276</td> <td style="text-align: right;">376</td> </tr> <tr> <td>    From discontinued operations</td> <td style="text-align: right;">-</td> <td style="text-align: right;">1,147</td> <td style="text-align: right;">127</td> </tr> <tr> <td>Equity holders of Standard Life plc</td> <td style="text-align: right;"><b>368</b></td> <td style="text-align: right;"><b>1,423</b></td> <td style="text-align: right;"><b>503</b></td> </tr> <tr> <td>Non-controlling interests</td> <td style="text-align: right;">51</td> <td style="text-align: right;">62</td> <td style="text-align: right;">4</td> </tr> <tr> <td></td> <td style="text-align: right;"><b>419</b></td> <td style="text-align: right;"><b>1,485</b></td> <td style="text-align: right;"><b>507</b></td> </tr> <tr> <td><b>Earnings per share from continuing operations</b></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Basic(pence per share)</td> <td style="text-align: right;">18.7</td> <td style="text-align: right;">13.5</td> <td style="text-align: right;">15.8</td> </tr> <tr> <td>Diluted (pence per share)</td> <td style="text-align: right;">18.6</td> <td style="text-align: right;">13.4</td> <td style="text-align: right;">15.7</td> </tr> <tr> <td><b>Earnings per share</b></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Basic (pence per share)</td> <td style="text-align: right;">18.7</td> <td style="text-align: right;">69.4</td> <td style="text-align: right;">21.1</td> </tr> <tr> <td>Diluted (pence per share)</td> <td style="text-align: right;">18.6</td> <td style="text-align: right;">69.1</td> <td style="text-align: right;">21.0</td> </tr> </tbody> </table>		2016 £m	2015 £m	2014 £m	<b>Revenue</b>				Net earned premium	2,092	2,228	2,343	Investment return	15,376	5,460	13,179	Fee income	1,186	1,120	985	Other income	75	84	81	<b>Total revenue</b>	<b>18,729</b>	<b>8,892</b>	<b>16,588</b>	<b>Total expenses</b>	<b>18,003</b>	<b>8,386</b>	<b>15,952</b>	Share of profit from associates and joint ventures	63	43	36	<b>Profit before tax</b>	<b>789</b>	<b>549</b>	<b>672</b>	Tax expense attributable to policyholders' returns	302	134	250	<b>Profit before tax expense attributable to equity holders' profits</b>	<b>487</b>	<b>415</b>	<b>422</b>	Total tax expense	370	211	292	Less: Tax attributable to policyholders' returns	(302)	(134)	(250)	<b>Tax expense attributable to equity holders' profits</b>	<b>68</b>	<b>77</b>	<b>42</b>	<b>Profit for the year from continuing operations</b>	<b>419</b>	<b>338</b>	<b>380</b>	Profit for the year from discontinued operations	-	1,147	127	<b>Profit for the year</b>	<b>419</b>	<b>1,485</b>	<b>507</b>	<b>Attributable to:</b>				Equity holders of Standard Life plc				From continuing operations	368	276	376	From discontinued operations	-	1,147	127	Equity holders of Standard Life plc	<b>368</b>	<b>1,423</b>	<b>503</b>	Non-controlling interests	51	62	4		<b>419</b>	<b>1,485</b>	<b>507</b>	<b>Earnings per share from continuing operations</b>				Basic(pence per share)	18.7	13.5	15.8	Diluted (pence per share)	18.6	13.4	15.7	<b>Earnings per share</b>				Basic (pence per share)	18.7	69.4	21.1	Diluted (pence per share)	18.6	69.1	21.0
	2016 £m	2015 £m	2014 £m																																																																																																																											
<b>Revenue</b>																																																																																																																														
Net earned premium	2,092	2,228	2,343																																																																																																																											
Investment return	15,376	5,460	13,179																																																																																																																											
Fee income	1,186	1,120	985																																																																																																																											
Other income	75	84	81																																																																																																																											
<b>Total revenue</b>	<b>18,729</b>	<b>8,892</b>	<b>16,588</b>																																																																																																																											
<b>Total expenses</b>	<b>18,003</b>	<b>8,386</b>	<b>15,952</b>																																																																																																																											
Share of profit from associates and joint ventures	63	43	36																																																																																																																											
<b>Profit before tax</b>	<b>789</b>	<b>549</b>	<b>672</b>																																																																																																																											
Tax expense attributable to policyholders' returns	302	134	250																																																																																																																											
<b>Profit before tax expense attributable to equity holders' profits</b>	<b>487</b>	<b>415</b>	<b>422</b>																																																																																																																											
Total tax expense	370	211	292																																																																																																																											
Less: Tax attributable to policyholders' returns	(302)	(134)	(250)																																																																																																																											
<b>Tax expense attributable to equity holders' profits</b>	<b>68</b>	<b>77</b>	<b>42</b>																																																																																																																											
<b>Profit for the year from continuing operations</b>	<b>419</b>	<b>338</b>	<b>380</b>																																																																																																																											
Profit for the year from discontinued operations	-	1,147	127																																																																																																																											
<b>Profit for the year</b>	<b>419</b>	<b>1,485</b>	<b>507</b>																																																																																																																											
<b>Attributable to:</b>																																																																																																																														
Equity holders of Standard Life plc																																																																																																																														
From continuing operations	368	276	376																																																																																																																											
From discontinued operations	-	1,147	127																																																																																																																											
Equity holders of Standard Life plc	<b>368</b>	<b>1,423</b>	<b>503</b>																																																																																																																											
Non-controlling interests	51	62	4																																																																																																																											
	<b>419</b>	<b>1,485</b>	<b>507</b>																																																																																																																											
<b>Earnings per share from continuing operations</b>																																																																																																																														
Basic(pence per share)	18.7	13.5	15.8																																																																																																																											
Diluted (pence per share)	18.6	13.4	15.7																																																																																																																											
<b>Earnings per share</b>																																																																																																																														
Basic (pence per share)	18.7	69.4	21.1																																																																																																																											
Diluted (pence per share)	18.6	69.1	21.0																																																																																																																											

<b>SUMMARISED CONSOLIDATED BALANCE SHEET</b>			
	<b>2016</b>	<b>2015</b>	<b>2014</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Assets</b>			
Intangible assets	572	566	565
Deferred acquisition costs	651	646	771
Investments in associates and joint ventures	7,948	5,719	4,508
Investment property	9,929	9,991	9,041
Property, plant and equipment	89	91	186
Pension and other post-retirement benefit assets	1,093	897	760
Deferred tax assets	42	35	33
Reinsurance assets	5,386	5,515	6,036
Loans	295	811	400
Derivative financial assets	3,534	2,444	4,021
Equity securities and interests in pooled investment funds	83,307	71,679	71,327
Debt securities	67,933	66,657	64,441
Receivables and other financial assets	1,255	1,447	1,248
Current tax recoverable	166	168	191
Other assets	94	89	116
Assets held for sale	263	327	29,338
Cash and cash equivalents	7,938	9,640	10,617
<b>Total assets</b>	<b>190,495</b>	<b>176,722</b>	<b>203,599</b>
<b>Equity attributable to equity holders of Standard Life plc</b>	<b>4,347</b>	<b>4,002</b>	<b>4,672</b>
Non-controlling interests	297	347	278
<b>Total equity</b>	<b>4,644</b>	<b>4,349</b>	<b>4,950</b>
<b>Liabilities</b>			
Non-participating insurance contract liabilities	23,422	21,206	21,841
Non-participating investment contract liabilities	102,063	92,894	88,207
Participating contract liabilities	31,273	29,654	31,276
Deposits received from reinsurers	5,093	5,134	5,642
Third party interest in consolidated fund	16,835	17,196	15,805
Subordinated liabilities	1,319	1,318	1,612
Pension and other post-retirement benefit provisions	55	33	44
Deferred income	198	236	276
Deferred tax liabilities	259	205	214
Current tax liabilities	113	113	172
Derivative financial liabilities	965	1,254	1,693
Other financial liabilities	3,916	2,900	3,734
Provisions	227	48	-
Other liabilities	113	99	100
Liabilities of operations held for sale	-	83	28,033
<b>Total liabilities</b>	<b>185,851</b>	<b>172,373</b>	<b>198,649</b>
<b>Total equity and liabilities</b>	<b>190,495</b>	<b>176,722</b>	<b>203,599</b>
<b>SUMMARISED CONSOLIDATED CASH FLOW STATEMENT</b>			
	<b>2016</b>	<b>2015</b>	<b>2014</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Net cash flows from operating activities	736	(2,264)	(1,261)
Net cash flows from investing activities	(233)	1,714	(373)
Net cash flows from financing activities	(2,406)	(1,010)	2,764
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,903)</b>	<b>(1,560)</b>	<b>1,130</b>
Cash and cash equivalents at the beginning of the year	9,591	11,243	10,253
Effects of exchange rate changes on cash and cash equivalents	212	(92)	(140)
Cash and cash equivalents at the end of the year	7,900	9,591	11,243
The following significant changes to the financial condition and operating results of the Standard Life Group occurred during or subsequent to these periods:			
<ul style="list-style-type: none"> <li>On 26 March 2014, the Standard Life Group announced the acquisition of Ignis for £390 million from the Phoenix Group. The acquisition completed on 1 July 2014.</li> </ul>			

		<ul style="list-style-type: none"> <li>● On 3 September 2014, the Standard Life Group announced its intention to sell its Canadian business to a subsidiary of Manulife Financial Corporation. The sale of the Standard Life Group's Canadian long-term savings and retirement, individual and group insurance business and Canadian investment management business completed on 30 January 2015. The assets and liabilities of the Canadian branch of Standard Life Assurance Limited were transferred on 31 December 2015. The consideration, which was received on 30 January 2015, was CA\$4.0 billion (£2.1 billion) and a further £0.1 billion was received from the settlement of hedging derivative contracts. The Standard Life Group recognised a gain on disposal of £1.1 billion in respect of the sale which was included in profit from discontinued operations in the consolidated income statement for the year ended 31 December 2015.</li> <li>● On 6 January 2015, Standard Life redeemed in full the Euro denominated 5.314% fixed/floating rate perpetual Mutual Assurance Capital Securities subordinated debt at their outstanding principal amount of €360 million.</li> <li>● On 20 March 2015, following the sale of the Canadian business, the Standard Life Group returned 73 pence per ordinary share (£1,749 million) to shareholders through a B/C share scheme. In conjunction with this return of value, Standard Life undertook a share consolidation on 13 March 2015. Nine new ordinary shares of 12 <sup>2</sup>/<sub>9</sub> pence each were issued for each holding of 11 existing ordinary shares of 10 pence each.</li> <li>● On 25 June 2015, the Standard Life Group announced the closure of its Singapore insurance business.</li> <li>● In August 2015, a member of the Standard Life Group entered into a sale and purchase agreement to purchase an additional 9% of the issued share capital of HDFC Standard Life Insurance Company Limited (HDFC Life), an associate of the Standard Life Group. The transaction completed in April 2016, after satisfactory regulatory approvals were obtained, for a consideration of Rs 1,706 crore (£179 million), increasing the Standard Life Group's interest in HDFC Life to 35%.</li> <li>● In September 2015, Standard Life established 1825 to compete in the wealth and financial planning sector. 1825 is a financial planning business providing financial advice, including specialist advice on tax planning, trusts and wills.</li> <li>● In February 2016, Standard Life announced 2015 IFRS profit for the year ended 31 December 2015 from continuing operations attributable to equity holders of Standard Life of £276 million, compared to £376 million for the year ended 31 December 2014. This IFRS profit for the year included a £46 million loss in Hong Kong mainly due to an impairment of deferred acquisition costs following regulatory change, and a £31 million loss relating to the closure of the Singapore business.</li> <li>● In May 2016, the Standard Life Group announced the acquisition of the Elevate adviser platform from AXA UK plc. The acquisition completed on 31 October 2016.</li> <li>● On 8 August 2016, HDFC Life, an associate of the Standard Life Group, announced that it had agreed terms with Max Life Insurance Company Limited, Max Financial Services Limited and Max India Limited for the combination of the life insurance businesses of HDFC Life and Max Life. The transaction is intended to be effected through a composite scheme of arrangement and remains subject to regulatory, court and other necessary approvals.</li> </ul>
--	--	---

- On 12 October 2016, Standard Life Investments announced the opening of its new Singapore investments business.
- In February 2017, Standard Life announced IFRS profit for the year ended 31 December 2016 from continuing operations attributable to equity holders of Standard Life of £368 million. This IFRS profit for the year included a post-tax provision for annuity sales practices of £140 million relating to the FCA's enhanced annuity thematic review.

There has been no significant change in the financial condition and operating results of the Standard Life Group since 31 December 2016, the date to which the Standard Life Group's last published audited financial statements were prepared.

#### Financial information in relation to the Aberdeen Group

Selected historical financial information which summarises the financial results and financial condition of the Aberdeen Group for the three financial years ended 30 September 2016, 30 September 2015 and 30 September 2014 and for the six months ended 31 March 2017 and 31 March 2016 prepared in accordance with IFRS as adopted by the EU, is set out in the following tables.

Information provided for the financial years ended 30 September 2016, 30 September 2015 and 30 September 2014, is audited and information for the six months ended 31 March 2017 (and comparative information for the six months ended 31 March 2016) is unaudited.

#### SUMMARISED CONSOLIDATED INCOME STATEMENT

	Six months ended 31 March 2017	Six months ended 31 March 2016	2016	2015	2014
Net revenue	£534.9m	£483.6m	£1,007.1m	£1,169.0m	£1,117.6m
<b>Underlying results: before amortisation, restructuring and acquisition-related costs:</b>					
Underlying operating profit	£188.6m	£155.9m	£328.1m	£498.7m	£490.4m
Underlying profit before tax	£195.2m	£162.9m	£352.7m	£491.6m	£490.3m
Underlying diluted EPS	11.5p	9.6p	20.7p	30.0p	31.1p
<b>Statutory results:</b>					
Statutory profit before tax	£115.0m	£98.8m	£221.9m	£353.7m	£354.6m
Statutory diluted EPS	6.1p	5.4p	12.6p	21.8p	22.8p

#### SUMMARISED CONSOLIDATED BALANCE SHEET

	Six months ended 31 March 2017 £m	Six months ended 31 March 2016 (restated) £m	2016 (restated <sup>2</sup> ) £m	2015 £m	2014 £m
<b>Assets</b>					
Non-current assets					
Intangible assets	1,438.5	1,525.3	1,489.4	1,486.2	1,552.2
Property, plant & equipment	18.4	23.0	21.5	21.3	21.1
Investments	75.9	62.8	62.9	52.1	54.6
Deferred tax assets	31.9	20.5	32.4	19.9	28.4
Pension surplus	-	30.1	-	30.1	16.6
Trade and other receivables	5.7	4.0	5.2	3.7	3.2
<b>Total non-current assets</b>	<b>1,570.4</b>	<b>1,665.7</b>	<b>1,611.4</b>	<b>1,613.3</b>	<b>1,676.1</b>
<b>Current assets</b>					
Assets backing investment contract liabilities	1,685.9	1,706.0	1,670.6	1,926.1	2,472.9
Trade and other receivables	921.9	458.1	427.1	557.9	490.2

<sup>2</sup> Restated to reflect gross position for cash pooling arrangements.

	Six months ended 31 March 2017 £m	Six months ended 31 March 2016 (restated) £m	2016 £m	2015 (restated) £m	2014 £m
Investments	252.4	247.3	254.6	192.6	85.8
Derivative financial assets	-	53.1	-	29.6	-
Cash and cash equivalents	682.6	537.3	847.9	922.3	653.9
<b>Total current assets</b>	<b>3,542.8</b>	<b>3,001.8</b>	<b>3,200.2</b>	<b>3,628.5</b>	<b>3,702.8</b>
<b>Total assets</b>	<b>5,113.2</b>	<b>4,667.5</b>	<b>4,811.6</b>	<b>5,241.8</b>	<b>5,378.9</b>
<b>Total equity attributable to shareholders of the parent</b>	<b>1,628.0</b>	<b>1,690.2</b>	<b>1,690.9</b>	<b>1,736.5</b>	<b>1,714.2</b>
Non-controlling interest	(0.8)	(0.5)	(0.6)	(0.1)	40.1
7.0% Perpetual cumulative capital notes	321.6	321.6	321.6	321.6	321.6
5.0% Preference Shares	100.0	100.0	100.0	100.0	-
<b>Total equity</b>	<b>2,048.8</b>	<b>2,111.3</b>	<b>2,111.9</b>	<b>2,158.0</b>	<b>2,075.9</b>
<b>Liabilities Non-current liabilities</b>					
Deferred contingent consideration	20.3	59.5	45.1	46.8	53.9
Pension deficit	42.5	4.9	48.0	12.0	20.2
Provisions	1.0	-	1.0	5.0	5.0
Deferred tax liabilities	71.1	96.4	80.3	92.7	109.7
<b>Total non-current liabilities</b>	<b>134.9</b>	<b>160.8</b>	<b>174.4</b>	<b>156.5</b>	<b>188.8</b>
<b>Current liabilities</b>					
Investment contract liabilities	1,685.9	1,706.0	1,670.6	1,926.1	2,472.9
Interest bearing loans and borrowings	184.6	135.9	299.1	354.6	-
Trade and other payables	984.8	465.8	512.3	582.0	526.7
Deferred contingent consideration	32.3	-	-	-	38.3
Other liabilities	-	-	-	-	30.5
Current tax payable	41.9	35.4	43.3	34.9	45.8
Derivative financial liabilities	-	52.3	-	29.7	-
<b>Total current liabilities</b>	<b>2,929.5</b>	<b>2,395.4</b>	<b>2,525.3</b>	<b>2,927.3</b>	<b>3,114.2</b>
<b>Total liabilities</b>	<b>3,064.4</b>	<b>2,556.2</b>	<b>2,699.7</b>	<b>3,083.8</b>	<b>3,303.0</b>
<b>Total equity and liabilities</b>	<b>5,113.2</b>	<b>4,667.5</b>	<b>4,811.6</b>	<b>5,241.8</b>	<b>5,378.9</b>
<b>SUMMARISED CONSOLIDATED CASH FLOW STATEMENT</b>					
	Six months ended 31 March 2017 £m	Six months ended 31 March 2016 £m	2016 (restated <sup>3</sup> ) £m	2015 £m	2014 £m
<b>Net cash generated from operating activities</b>	<b>123.2</b>	<b>90.3</b>	<b>306.1</b>	<b>446.4</b>	<b>455.2</b>
<b>Net cash generated (used) in Investing activities</b>	<b>12.4</b>	<b>(85.0)</b>	<b>(69.8)</b>	<b>(259.9)</b>	<b>69.6</b>
<b>Net cash used in financing activities</b>	<b>(194.1)</b>	<b>(203.2)</b>	<b>(323.9)</b>	<b>(265.6)</b>	<b>(286.0)</b>
Net (decrease) increase in cash and cash equivalents	(58.5)	(197.9)	(87.6)	(79.1)	238.8
Cash and cash equivalents at 1 October	548.8	567.7	567.7	653.9	426.6
Exchange rate fluctuations on cash and cash equivalents	7.7	31.6	68.7	(7.1)	(11.5)
<b>Cash and cash equivalents at 30 September</b>	<b>498.0</b>	<b>401.4</b>	<b>548.8</b>	<b>567.7</b>	<b>653.9</b>
The following significant changes to the financial condition and operating results of the Aberdeen Group occurred during these periods:					
<ul style="list-style-type: none"> <li>On 18 November 2013, Aberdeen announced the acquisition of Scottish Widows Investment Partnership Group Limited and its related private equity businesses from the Lloyds Banking Group (Lloyds), which completed on 31 March 2014. The connected purchase of Scottish Widows Investment Partnership Group Limited's infrastructure fund management business was completed on 1 May 2014. Total consideration for the transaction was £606.6 million comprising</li> </ul>					

<sup>3</sup> Restated to reflect gross position for cash pooling arrangements.

		<p>(i) 131.8 million new Aberdeen Shares issued to Lloyds at an average price of 392.7 pence; (ii) a deferred top-up payment of £38.3 million payable on 31 March 2015; and (iii) contingent deferred consideration of up to £100 million under an earn-out agreement with Lloyds. Total equity consideration recognised was £517.6 million. The contingent deferred consideration of up to £100 million is payable in cash and the actual payable amount will be determined according to the growth over the five-year period to 31 March 2019 of recurring revenue generated from the strategic relationship with Lloyds.</p> <ul style="list-style-type: none"> <li>• On 27 May 2015, Aberdeen announced the acquisition of FLAG Capital Management. Total consideration for the acquisition, which completed on 31 August 2015, was £62.6 million comprising cash consideration of £52.0 million and contingent deferred consideration of £10.6 million under an earn-out agreement.</li> <li>• On 7 July 2015, Aberdeen announced the issue of 200 million 5.0% non-voting, perpetual, non-cumulative, redeemable preference shares to Mitsubishi UFJ Trust &amp; Banking Corporation (Mitsubishi) for consideration of £100 million (the “Issuance”). The Issuance was approved by Aberdeen’s shareholders on 6 July 2015 and completed on 7 July 2015.</li> <li>• On 4 September 2015, Aberdeen announced the acquisition of Parmenion Capital Partners LLP and its sister company, Self Directed Holdings Limited. Total consideration for the acquisition, which completed on 11 January 2016, was £50.2 million comprising cash consideration of £40.1 million and contingent consideration of £10.1 million under an earn-out agreement. The fair value of the earn-out at completion was £10.1 million, determined by the probability-weighted expected return and growth over the period from acquisition to 30 September 2017, subject to a maximum of £16.8 million, and discounted to present value.</li> </ul> <p>There has been no significant change in the financial condition and operating results of the Aberdeen Group since 31 March 2017, the date to which the Aberdeen Group’s last published unaudited interim financial statements were prepared.</p>
B.8	<p><b>Selected key <i>pro forma</i> financial information</b></p>	<p>The unaudited consolidated <i>pro forma</i> income statement and net assets statement for the Combined Group have been prepared in accordance with Annex II to the PD Regulation on a basis consistent with the accounting policies and presentation adopted in relation to the Standard Life consolidated financial statements for the year ended 31 December 2016.</p> <p>The unaudited consolidated <i>pro forma</i> financial information has been prepared to illustrate the effect on the Standard Life Group’s income statement of the Merger as if it had taken place on 1 January 2016.</p> <p>The unaudited consolidated <i>pro forma</i> financial information has been prepared to illustrate the effect on the Standard Life Group’s net assets of the Merger as if it had taken place on 31 December 2016.</p> <p>Due to its nature, the unaudited <i>pro forma</i> income statement and net assets statement address a hypothetical situation. They do not represent the Standard Life Group’s actual financial position or results or what the Combined Group’s actual financial position or results would have been if the Merger had been completed on the dates indicated.</p> <p>The unaudited consolidated <i>pro forma</i> profit before tax for the year ended 31 December 2016 is £916 million.</p> <p>The unaudited consolidated <i>pro forma</i> net assets as at 31 December 2016 is £8,759 million.</p>

B.9	<b>Profit forecast and estimates</b>	Not applicable.
B.10	<b>Qualifications in the audit reports</b>	Not applicable. There are no qualifications included in any audit report on the historical financial information included in this Prospectus.
B.11	<b>Working capital – qualifications</b>	<p>In the opinion of Standard Life, the working capital available to the Standard Life Group is sufficient for its present requirements, that is for at least the next 12 months following the date of this Prospectus.</p> <p>In the opinion of Standard Life, the working capital available to the Combined Group is sufficient for its present requirements, that is for at least the next 12 months following the date of this Prospectus.</p>

### Section C - Securities

<b>Element</b>		
C.1	<b>Type and class of securities</b>	When admitted to trading, the New Shares will consist of up to 999,848,295 Standard Life Shares of 12 <sup>2</sup> / <sub>9</sub> pence each in the capital of Standard Life. The New Shares will be registered with ISIN number GB00BVFD7Q58, SEDOL number BVFD7Q5, and will be traded on the London Stock Exchange under the ticker symbol SL. The New Shares will, on Admission, together with the Standard Life Shares, comprise the entire issued ordinary share capital of the Standard Life Group.
C.2	<b>Currency of issue</b>	The currency of the New Shares will be Pounds Sterling.
C.3	<b>Shares issued and par value</b>	As at the Latest Practicable Date, the nominal value of the total issued ordinary share capital of Standard Life is £241.93 million divided into 1,979,413,496 ordinary shares of 12 <sup>2</sup> / <sub>9</sub> pence each, which are issued fully paid. No Existing Standard Life Shares are held in treasury.
C.4	<b>Description of the rights attaching to the securities</b>	The New Shares will be issued credited as fully paid and will rank <i>pari passu</i> in all respects with the Existing Standard Life Shares, including in relation to the right to receive notice of, and to attend and vote at, general meetings of Standard Life, the right to receive and retain any dividends and other distributions declared, made or paid by reference to a record date falling after the Effective Date and to participate in the assets of Standard Life upon a winding-up of Standard Life. As with the Standard Life Shares in issue as at the Effective Date, the New Shares will not be subject to any redemption provisions.
C.5	<b>Restrictions on free transferability of the securities</b>	Not applicable. The New Shares will be freely transferable and there are no restrictions on transfer in the UK.
C.6	<b>Admission/ regulated markets where the securities are traded</b>	<p>Applications will be made to: (i) the FCA for the New Shares to be admitted to the premium listing segment of the Official List; and (ii) the London Stock Exchange for the New Shares to be admitted to trading on its main market for listed securities.</p> <p>No application has been made or is currently intended to be made by Standard Life for the New Shares to be admitted to listing or trading on any other exchange.</p>
C.7	<b>Dividend policy</b>	The Standard Life Board and Aberdeen Board agreed on 6 March 2017 that, subject to approval at the Standard Life Annual General Meeting scheduled for 16 May 2017, Standard Life Shareholders would receive the final dividend of 13.35 pence per Standard Life Share with respect to the financial period ended 31 December 2016 that was announced on

		<p>24 February 2017 (the “<b>First Permitted Standard Life Dividend</b>”). On 2 May 2017 the Aberdeen Board announced that Aberdeen Shareholders will receive an interim dividend of 7.5 pence per Aberdeen share for the six-month period ended 31 March 2017 (the “<b>First Permitted Aberdeen Dividend</b>”).</p> <p>If completion of the Merger occurs before the record date for Standard Life’s interim dividend for 2017, shareholders in Standard Life would be entitled to receive such interim dividend.</p> <p>In the event that completion of the Merger occurs after the record date for Standard Life’s interim dividend for 2017, Standard Life Shareholders would be entitled to receive such interim dividend (the “<b>Second Permitted Standard Life Dividend</b>”). In this event, Aberdeen would expect to declare and pay a dividend to its shareholders prior to the Scheme Record Time equal to the Second Permitted Standard Life Dividend multiplied by the Exchange Ratio, therefore providing Aberdeen Shareholders with the sum they would have received had completion of the Merger taken place prior to the record date for Standard Life’s interim dividend (such equalising dividend being the “<b>Second Permitted Aberdeen Dividend</b>” and when taken together with all permitted dividends referenced above, including the First Permitted Aberdeen Dividend and the First Permitted Standard Life Dividend, the “<b>Permitted Dividends</b>”). The amount payable as the Second Permitted Aberdeen Dividend will be announced at or around the same time as the Second Permitted Standard Life Dividend and shall be an amount equal to the Second Permitted Standard Life Dividend multiplied by the Exchange Ratio.</p> <p>If either party announces, declares, makes or pays any dividend or other distribution on or after the date of this Prospectus and prior to completion of the Merger, other than the Permitted Dividends, or in excess of the Permitted Dividends, there will be no change to the Exchange Ratio. However, Standard Life and Aberdeen reserve the right to respectively pay an equalising dividend to their shareholders.</p> <p>Following the Merger and subject to the approval of the Board of the Combined Group, the Continuing Directors and Proposed Directors intend to adopt Standard Life’s progressive dividend policy with the base dividend being the Standard Life full year dividend of 19.82 pence for the financial year ended 31 December 2016. The increased diversification of the Combined Group, enhanced financial profile and material earnings accretion is expected to support the generation of attractive and sustainable returns for shareholders, including through dividends.</p>
--	--	---

Section D - Risks		
Element		
D.1	<p><b>Key information on key risks that are specific to the company or its industry</b></p>	<ul style="list-style-type: none"> <li>• Any sustained period of actual or perceived underperformance across a range of the Standard Life Group’s and the Aberdeen Group’s funds or by one or more of its larger funds, relative to peers, benchmarks or internal targets, could have a material adverse effect on the Standard Life Group’s, the Aberdeen Group’s and, if the Merger completes, the Combined Group’s business, reputation and brand, sales, financial results, financial condition and growth prospects.</li> <li>• The Standard Life Group’s and the Aberdeen Group’s results may be materially adversely affected by conditions in global capital markets and the economy generally. Economic uncertainty and volatility may</li> </ul>

		<p>have an adverse effect on the Standard Life Group and the Aberdeen Group and, if the Merger completes, the Combined Group, in part because they manage large investment portfolios and are affected by customer and client behaviour and the performance of capital markets. Difficult conditions in the global capital markets and the global economy generally may materially adversely affect the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's business, results of operations and conditions.</p> <ul style="list-style-type: none"> <li>● The Standard Life Group's and the Aberdeen Group's businesses are and, if the Merger completes, the Combined Group's business will be conducted in highly competitive environments with developing demographic trends and customer and client preferences towards savings. Continued profitability depends on the ability of the management of the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group to respond to these pressures and trends.</li> <li>● Political change has the potential to impact the businesses of the Standard Life Group and the Aberdeen Group and, if the Merger completes, the Combined Group through the introduction of new laws or regulations or indirectly by altering investor, customer and client sentiment. Exposure to global political developments, including the UK's expected withdrawal from the EU, the related, upcoming UK General Election, the uncertainty surrounding the global impact of potential changes in US. policy following the recent change in government and a potential future second independence referendum in Scotland could have a material adverse effect on the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group.</li> <li>● As international businesses, the Standard Life Group and the Aberdeen Group are, and, if the Merger completes, the Combined Group will be exposed to various local political, regulatory and economic conditions, business risks and challenges which may affect the demand for their products and services, the value of their investment portfolios, the credit quality of local counterparties, revenue, profits and the financial condition and the capital requirements of the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group.</li> <li>● A high proportion of the Standard Life Group's and the Aberdeen Group's funds or client contracts permit investors or clients to reduce the aggregate amount of their investment with no, or only short periods of, notice, or to withdraw altogether from such funds or contracts. Material withdrawals of assets under management would have an immediate impact on management fees and therefore revenues and, depending on the extent of such withdrawals, could have a material adverse effect on the Standard Life Group's and the Aberdeen Group's and, if the Merger completes, the Combined Group's business, financial results, financial condition and growth prospects.</li> <li>● The determination of the amount of allowances and impairments taken on investments is highly subjective and could materially impact the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's financial results or financial position. If the Standard Life Group's or the Aberdeen Group's business does not perform well, it may be required to recognise an impairment of goodwill or intangibles, which could adversely affect the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's financial results or financial condition.</li> </ul>
--	--	--

		<ul style="list-style-type: none"> <li>• The Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's businesses are subject to regulatory risk, including adverse changes in the laws, regulations, policies and interpretations in the markets in which they operate. Regulatory action against a member of the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group could result in the suspension or revocation of regulatory authorisations, permissions or approvals, financial penalties, adverse publicity for, or negative perceptions regarding, the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group.</li> <li>• A decline in financial markets or an increase in the volatility in financial markets may adversely affect the investment portfolio, sales of investment products, fund management business and profitability of the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group.</li> <li>• The Standard Life Group and the Aberdeen Group have and, if the Merger completes, the Combined Group will have an exposure to credit default risk through their investments including those in corporate bonds, residential and commercial mortgages, unsecured cash instruments and structured credit assets, as well as exposures through counterparty risks in derivatives contracts, reinsurance arrangements and other financial instruments. A counterparty default could create an immediate loss or a reduction in future profits, depending on where the loss occurred in the business.</li> <li>• Conduct risk remains the subject of close regulatory scrutiny. Failing to protect the interests of customers or clients in this way could lead to legal proceedings or regulatory enforcement action. This could in turn lead to financial penalties, reputational damage and, in the case of regulatory enforcement action, the suspension or revocation of regulatory permissions, licences or approvals. This could have a material adverse effect on the business of the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group.</li> <li>• All of the Standard Life Group's and the Aberdeen Group's businesses are and, if the Merger completes, the Combined Group's businesses will be subject to operational risks, including the risk of direct or indirect loss resulting from inadequate or failed internal and external processes, systems and human error or from external events. The specifics or timing of all possible operational and systems failures which may adversely impact the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's business cannot be anticipated.</li> <li>• The Standard Life Group and the Aberdeen Group outsource and, if the Merger completes, the Combined Group will outsource several significant operations, including much of their valuation and pricing functions and certain back office servicing and is therefore at least partially reliant upon the operational processing performance of outsourcing partners. Any failures or errors in the performance of these outsourced functions by a relevant third party provider may require the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group to reimburse the affected parties in respect of losses suffered (which may be significant and may not be recovered against the third party provider or under any applicable policy of insurance).</li> </ul>
--	--	--

		<ul style="list-style-type: none"> <li>Fluctuations in currency exchange rates may adversely affect the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's operating results and financial position.</li> </ul>
D.3	<b>Key information on key risks relating to the securities</b>	<ul style="list-style-type: none"> <li>Following completion of the Merger, Standard Life Shares will continue to be publicly traded and, as a result of a number of factors and events, including, but not limited to, those referred to in Part II (<i>Risk Factors</i>) of this Prospectus, their market price may be volatile. The sale of a substantial number of Standard Life Shares in the market after completion of the Merger, or the perception that such sales may occur, could depress the market price of the Standard Life Shares and may make it more difficult for investors to sell their Standard Life Shares at a time and price which they deem appropriate, or at all.</li> <li>The ability of Standard Life to pay any dividends in respect of the Standard Life Shares will depend on the level of profit earned by the Combined Group, any coupon payments made in respect of debt securities issued by the Standard Life Group, the Aberdeen Group or the Combined Group and on the Combined Group continuing to meet its regulatory capital requirements. The amount of dividends paid to Standard Life Shareholders may fluctuate. The Standard Life Directors can give no assurances that they will be able to pay a dividend in future.</li> <li>The securities laws of certain jurisdictions outside the UK may restrict the participation by, or Standard Life's ability to allow participation of, certain shareholders in such jurisdictions in any future issues carried out by Standard Life of Standard Life Shares or of other securities. An issue of new Standard Life Shares not for cash or when pre-emption rights have been disapplied could dilute the interests of the then-existing Standard Life Shareholders.</li> </ul>

## Section E - Offer

<b>Element</b>		
E.1	<b>Total net proceeds and estimated total expenses</b>	<p>There are no net proceeds receivable by Standard Life.</p> <p>The total costs and expenses relating to the issue of this Prospectus, the Circular and to the negotiation, preparation and implementation of the Merger payable by Standard Life are estimated to be approximately £60,800,000 (including regulatory fees, the listing fees, professional fees and expenses, the costs of printing and distribution of documents and UK stamp duty, but excluding VAT).</p>
E.2a	<b>Reasons for the offer, use of proceeds, estimated net amount of the proceeds</b>	<p>The proposed issue of the New Shares to which this Prospectus relates is being made in connection with the proposed recommended all-share merger of Standard Life and Aberdeen.</p> <p>There are no proceeds (and, therefore, no estimated net amount of the proceeds) receivable by Standard Life as a result of the issue of the New Shares.</p> <p>The Merger is intended to be effected by way of a court-sanctioned scheme of arrangement of Aberdeen under Part 26 of the CA 2006.</p>

		<p>The Standard Life Board and the Aberdeen Recommending Directors believe that there is a compelling strategic and financial rationale for the Merger. The expected benefits of the Merger are summarized below.</p> <ul style="list-style-type: none"> <li>• The Merger brings together two highly complementary businesses with market-leading investment capabilities, to deliver improved choice and service to clients.</li> <li>• The Merger reinforces both Standard Life’s and Aberdeen’s long-standing commitment to active investment management.</li> <li>• The Merger establishes one of the largest and most sophisticated investment solutions offerings globally, allowing the Combined Group to better meet demand for next generation investment solutions.</li> <li>• The Merger creates an investment group with strong brands and a leading global distribution platform, enhancing proximity to clients.</li> <li>• The Merger creates one of the largest active investment managers globally, delivering the scale to invest, drive efficiency and attract talent.</li> <li>• The Merger leverages the combined strengths of Standard Life and Aberdeen to deliver an improved investment offering to their respective pension and savings customers.</li> <li>• Through improved diversification, the Merger is expected to deliver attractive returns and a sustainable, progressive dividend for shareholders.</li> <li>• The Merger is expected to result in material earnings accretion for both sets of shareholders, reflecting the significant synergy potential of a combination and the revenue enhancement and structural growth opportunities for the Combined Group.</li> </ul>
E.3	<p><b>Terms and conditions of the offer</b></p>	<p>It is intended that the issue of New Shares will be effected by means of a court-sanctioned scheme of arrangement of Aberdeen under Part 26 of the CA 2006. The purpose of the Scheme will be to provide for Standard Life to become the holder of the entire issued and to be issued ordinary share capital of Aberdeen. However, Standard Life reserves the right, with the consent of the Panel and Aberdeen or, in certain circumstances, without the consent of Aberdeen, to implement the Merger by way of a takeover offer (as defined in Part 28 of the CA 2006), in accordance with the terms of the Cooperation Agreement.</p> <p>On 6 March 2017, the Standard Life Board and the Aberdeen Board announced that they had agreed the terms of the Merger, which will provide each Aberdeen Shareholder with 0.757 of a New Share in exchange for each Aberdeen Share.</p> <p>The Scheme is subject to the Conditions and further terms and conditions set out in the Scheme Document. These Conditions include:</p> <p>(i) the approval of the Scheme by a majority in number representing not less than 75% in value of the Scheme Shareholders (or the relevant class or classes thereof, if applicable) present and voting, either in person or by proxy, at the Aberdeen Court Meeting and at any separate class meeting which may be required by the Court or at any adjournment of any such meeting on or before the 22nd day after the expected date of the Aberdeen Court Meeting as set out in the Scheme Document (or such later date, if any, as Standard Life and Aberdeen may agree and as the Court may allow);</p>

		<p>(ii) all resolutions necessary to approve and implement the Scheme being duly passed by the requisite majority or majorities at the Aberdeen General Meeting or at any adjournment of that meeting on or before the 22nd day after the expected date of the Aberdeen General Meeting as set out in the Scheme Document (or such later date, if any, as Standard Life and Aberdeen may agree and as the Court may allow); and</p> <p>(iii) the sanction of the Scheme with or without modification (but subject to any such modification being acceptable to Standard Life and Aberdeen) by the Court on or before the 22nd day after the expected date of the Aberdeen Court Hearing as set out in the Scheme Document (or such later date, if any, as Standard Life and Aberdeen may agree and as the Court may allow) and the delivery of a copy of the Aberdeen Court Order to the Registrar of Companies.</p>												
E.4	<b>Material interests</b>	Immediately following Admission, the following persons will be interested directly or indirectly in 3% or more of the issued ordinary share capital of Standard Life, based on the assumptions that the holdings of such persons in Standard Life or Aberdeen (as relevant) as at the Latest Practicable Date do not change and that 999,848,295 New Standard Life Shares are issued in connection with the Merger (these figures do not take into account further issuances of Standard Life Shares or Aberdeen Shares which may occur between the date of this Prospectus and the Latest Practicable Date):												
		<table border="1"> <thead> <tr> <th>Name</th> <th>Number of Standard Life Shares</th> <th>Percentage of Standard Life shares immediately following Admission</th> </tr> </thead> <tbody> <tr> <td>BlackRock Inc.</td> <td>171,448,054</td> <td>5.7%</td> </tr> <tr> <td>MUTB</td> <td>169,860,552</td> <td>5.6%</td> </tr> <tr> <td>Lloyds</td> <td>97,678,571</td> <td>3.2%</td> </tr> </tbody> </table>	Name	Number of Standard Life Shares	Percentage of Standard Life shares immediately following Admission	BlackRock Inc.	171,448,054	5.7%	MUTB	169,860,552	5.6%	Lloyds	97,678,571	3.2%
Name	Number of Standard Life Shares	Percentage of Standard Life shares immediately following Admission												
BlackRock Inc.	171,448,054	5.7%												
MUTB	169,860,552	5.6%												
Lloyds	97,678,571	3.2%												
E.5	<b>Selling shareholders and lock-up arrangements</b>	<p>The New Shares will be newly issued in connection with the Merger; there will be no selling shareholders.</p> <p>The Aberdeen Recommending Directors have irrevocably undertaken to vote in favour of the Scheme in respect of their own beneficial holdings. These irrevocable undertakings remain binding if a higher competing offer for Aberdeen is made but cease to be binding on and from the earlier of: (i) the Long Stop Date; and (ii) the date on which the Scheme is withdrawn or lapses in accordance with its terms.</p> <p>The Standard Life Directors have irrevocably undertaken to vote in favour of the Scheme in respect of their own beneficial holdings.</p> <p>Standard Life and Aberdeen have received non-binding statements of support to vote in favour of the Scheme from each of MUTB and Lloyds, in respect of shares representing, in aggregate, approximately 27% of Aberdeen's existing issued ordinary share capital as at the Latest Practicable Date.</p>												
E.6	<b>Dilution</b>	The issue of the New Shares will result in Standard Life's issued ordinary share capital increasing by approximately 51%. Immediately following Admission, former Aberdeen Shareholders will hold approximately 33.3% of Standard Life's issued ordinary share capital.												
E.7	<b>Estimated expenses charged to investors</b>	Not applicable. There are no commissions, fees or expenses to be charged to investors by Standard Life in relation to the issue of the New Shares.												

## **PART II RISK FACTORS**

*Any investment in, or holding of, the New Shares is subject to a number of risks. Prospective investors in the New Shares should consider the factors and the risks associated with any investment in the New Shares, the business of the Standard Life Group, the Aberdeen Group and the Combined Group and the industry in which they operate or, in the case of the Combined Group, will operate, together with all other information contained in this Prospectus including, in particular, the risk factors described below. Due to the fact that a significant part of the Standard Life Group's and the Aberdeen Group's operations are similar in nature, some of the risks set out below (not including those specific to the Merger) will not be new risks which arise only on completion of the Merger but will be existing material risks whose potential impact may be increased as a result of the Merger. Therefore, although this section describes discretely material risk factors affecting the Standard Life Group and the Aberdeen Group, the risks described will, following completion of the Merger, be equally relevant to, and will be material risks for, the Combined Group.*

*Prospective investors should note that the risks summarised in Part I (Summary) are the risks that the Standard Life Directors believe to be the most essential to an assessment by a prospective investor of whether to invest in the New Shares. However, as the risks which the Standard Life Group and the Aberdeen Group face and, if the Merger completes, the Combined Group will face relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in Part I (Summary) but also, among other things, the risks and uncertainties described below.*

*The following is not an exhaustive list or explanation of all the risks which may affect the New Shares, the Standard Life Group, the Aberdeen Group and/or the Combined Group. Additional risks and uncertainties relating to the New Shares, the Standard Life Group, the Aberdeen Group and the Combined Group, that are not currently known to the Standard Life Directors or that the Standard Life Directors currently deem immaterial may, individually or cumulatively, also have a material adverse effect on the business, financial results or financial condition and prospects of the Standard Life Group, the Aberdeen Group and the Combined Group and, if any such risk should materialise, the price of the New Shares may decline and investors could lose all or part of their investment.*

*The order in which the following risk factors are presented does not necessarily reflect the likelihood of their occurrence or the relative magnitude of their potential material adverse effect on the Standard Life Group's, the Aberdeen Group's and/or the Combined Group's business, financial results, financial condition and/or prospects or the market price of the New Shares.*

*Prospective investors should carefully consider whether an investment in the New Shares is suitable for them in light of the information in this Prospectus and their personal circumstances.*

## **PART A RISK FACTORS RELATING TO THE STANDARD LIFE GROUP, THE ABERDEEN GROUP AND, IF THE MERGER COMPLETES, THE COMBINED GROUP**

### **Business Risks**

#### ***Strategic***

- 1. Sustained underperformance across a range of funds or by one or more of the Standard Life Group's, Aberdeen Group's and, if the Merger completes, the Combined Group's larger funds could adversely affect profitability and growth.***

Any sustained period of actual or perceived underperformance across a range of the Standard Life Group's and the Aberdeen Group's funds or by one or more of its larger funds, relative to peers, benchmarks or internal targets, could have a material adverse effect on the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's business, reputation and brand, sales, financial results, financial condition and growth prospects.

Were the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group to fail to provide satisfactory investment returns across a range of their funds or in respect of one or more of their larger funds, customers and clients of the affected funds (or customers and clients more generally) may decide to reduce their investments or withdraw them altogether and intermediaries, who are, or will be, the Standard Life Group or the Aberdeen Group's and, if the Merger completes, the Combined Group's distributors of products or consultants, may cease to recommend some or all of these products to their clients or consultant ratings may deteriorate. Due to the active management philosophies employed by the Standard Life Group and the Aberdeen Group, the performance of one or more portfolios may vary materially where an underlying asset class or asset underperforms significantly, in particular where the relative concentration of that particular asset class or asset is relatively high. The underperformance of particular asset classes or assets could have a disproportionate impact on the overall profitability of the Standard Life Group or Aberdeen Group or, if the Merger completes, the Combined Group. Actual or perceived investment underperformance relative to competitors or relevant benchmarks would also make it more difficult for the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group to attract new clients and could lead to reputational and brand damage or challenges to the fees charged. Any such investment underperformance could, therefore, have a material adverse effect on the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's business, reputation and brand, sales, financial results, financial condition and growth prospects.

- 2. Difficult conditions in the global capital markets and the global economy generally may materially adversely affect the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's business and financial results.***

The Standard Life Group's and the Aberdeen Group's results may be materially adversely affected by conditions in global capital markets and the economy generally. A wide variety of factors including concerns over low levels of growth in developed and emerging economies and corporate profits, high levels of sovereign debt, a deterioration in inflation expectations and long-term low or negative interest rates and bond yields have led to ongoing uncertainty in the global economy, which is expected to result in continued volatility in financial markets and market or trading liquidity. The trade, tax and immigration policies of the new US administration could also lead to major changes in global trade flows, which in turn could have a material impact on the global economy, or volatility or decline in capital markets or particular asset classes, which could reduce the demand for or value of investment assets.

Factors such as consumer spending, business investment, government spending, the volatility and strength of both debt and equity markets, and inflation all affect the business and economic environment

and, ultimately, the volume and profitability of the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's business. In an economic downturn characterised by higher unemployment, lower household income, lower corporate earnings, lower business investment and lower consumer spending, the demand for financial products could be adversely affected.

Continued economic uncertainty and volatility may have an adverse effect on the Standard Life Group and the Aberdeen Group and, if the Merger completes, the Combined Group, in part because they manage large investment portfolios and are affected by customer and client behaviour and the performance of capital markets. This could lead to a decline in sales or fees related to the value of assets under management and profit margins could erode. In addition, the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group may experience a decline in the value of assets under management which are exposed to particular economies or sectors should there be a decline or depression in such economies or sectors.

The Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group may also experience, for example, cancellation of policies and products and termination of clients that could affect the current and future profitability of the business. A prolonged economic crisis could result in lower fees or sales figures for the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group in the future. These adverse changes in the economy could affect earnings negatively and could have a material adverse effect on the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's business, financial results and financial condition.

- 3. The Standard Life Group's and the Aberdeen Group's businesses are and, if the Merger completes, the Combined Group's business will be conducted in highly competitive environments with developing demographic trends and customer and client preferences towards savings and investment. Continued profitability is dependent on the ability of the management of the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group to respond to these pressures and trends.***

The markets for financial services in the UK, Europe, North-America and Asia are highly competitive, with several factors affecting the Standard Life Group's and the Aberdeen Group's sales and profitability, including price and yields offered, financial strength and ratings, range of product lines and product quality, brand strength and name recognition, investment management performance, historical bonus levels or returns, developing demographic trends and customer and client appetites for certain savings and investment products. In some markets, the Standard Life Group and the Aberdeen Group face competitors that are larger, have greater financial resources or a greater market share, offer a broader range of products or, in the case of Standard Life Group, have higher bonus rates or returns. To ensure continued profitability and to be successful in attracting and retaining customers and clients going forward, the Combined Group will need to ensure that their products keep pace with emerging customer and client preferences and continue to meet customers' and clients' needs and expectations.

The continued evolution of the UK pensions and savings market, particularly the impact of pensions freedoms, means that the Combined Group will need to provide customers with the flexible long-term investment solutions that they are increasingly looking for. In the asset management sector, growth in passively-run index trackers continues to gain pace, propelled by the US market and the inability of many active strategies to consistently outperform their benchmarks, net of fees. Market access to passive investing, including strategies driven by smart beta, robo advice, artificial intelligence and machine learning, is cheap and ubiquitous through passive funds and exchange-traded products and therefore it poses a risk to the investment styles of the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group which are, and will be, characterised predominantly by active management of funds. In recent years, active fund managers have been subject to pressure on the fees

charged to customers and clients for fund management as a result of a number of factors including regulatory pressures, the growth of lower cost passive funds and competition.

In addition to changing trends in the nature of investments, the customer and client base of the Standard Life Group's and the Aberdeen Group's business is changing. For example, although historically the Standard Life Group's and Aberdeen Group's clients have consisted predominantly of pension fund clients, government authorities, insurance companies, private banks and financial advisers, there has been an increase in individuals as clients, who are predominantly intermediated, particularly in relation to wealth management and asset management service. This increase means that the Standard Life Group and the Aberdeen Group and, if the Merger completes, the Combined Group may need to tailor their business offerings towards individuals who demand immediacy, simplicity, transparency and personalisation in order to remain competitive, as well as meeting the needs of other customers and clients.

Furthermore, as client bases and preferences evolve, the Standard Life Group and the Aberdeen Group are and, if the Merger completes, the Combined Group will be exposed to the risk of large sovereign wealth funds, insurers, banks and larger institutions removing assets from third party managers, taking capabilities in house, moving funds elsewhere or having to redeem funds (for example, to fund their own expenditure or meet their own payment obligations to their own stakeholders).

The Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's ability to generate an appropriate return depends, or will depend, significantly upon their capacity to anticipate and respond appropriately to these competitive pressures.

**4. *Exposure to global political developments, including the UK's withdrawal from the EU, the uncertainty surrounding the global impact of changes in US policy following the recent change in government, the upcoming UK General Election and a potential future second independence referendum in Scotland could have a material adverse effect on the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group.***

Political change has the potential to impact the businesses of the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group through the introduction of new laws or regulations or indirectly by altering investor, customer and client sentiment. The UK and Scottish governments, and also governments in other markets in which the Standard Life Group and the Aberdeen Group operate may significantly alter circumstances and change the way business is carried out.

Specific global political risks to which the Standard Life Group and the Aberdeen Group are, and if the Merger completes, the Combined Group will be, exposed include instability within the Euro-zone, the upcoming UK General Election, the UK leaving the EU, a potential second future independence referendum in Scotland and uncertainty as to the global impact of the new administration following the recent US presidential election.

The UK has triggered Article 50 to begin the process of leaving the EU and detailed negotiations will now be taking place to determine the future terms of the UK's relationship with the EU but the long-term nature of the UK's relationship with the EU remains unclear. The long-term effects of the UK leaving the EU will depend on any agreements (or lack thereof) between the UK and the EU and, in particular, on any arrangements for the UK to retain access to EU markets either during a transitional period or more permanently. As a result, the Standard Life Group, the Aberdeen Group or, if the Merger completes, the Combined Group may need to take mitigating action, or to change parts of their business.

As set out in more detail in Part XIII (*Regulatory Overview*) of this Prospectus, the Standard Life Group and the Aberdeen Group include a number of financial institutions authorised and regulated in the UK. The

regulatory environment that applies to such entities is in large part derived from EU financial services legislation. While the UK is currently required to implement and apply such legislation, this may no longer be the case following its departure from the EU. This may have a significant impact on UK financial services legislation and the regulatory environment in which the Standard Life Group and the Aberdeen Group operate and, if the Merger completes, in which the Combined Group will operate. In turn, this may have a material effect on the business of the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group.

It is also not yet clear how the UK's departure from the EU will affect UK financial institutions with assets or operations (including branches) in the EU (and vice versa). At present, EU legislation grants passporting rights to certain categories of financial institution, including insurers, investment firms, UCITS management companies and AIFMs. EU legislation also facilitates mutual rights of access to EU market infrastructure such as payment and settlement systems. Once the UK ceases to be a member state of the EU, the current passporting arrangements may cease to be effective, as may the current mutual rights of access to market infrastructure. The Standard Life Group and the Aberdeen Group contain a number of entities that rely on such passporting arrangements and market infrastructure (including in Ireland, Germany, Sweden and Norway). As such, the UK's departure from the EU may have an adverse effect on the operating model and business of the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group.

Following the UK's vote to leave the EU, investors sought to withdraw funds from a number of funds that invest in the UK property market, including the Aberdeen UK Property Fund and the SLI UK Real Estate Fund. There is a risk that the UK's departure from the EU, other political developments or developments otherwise affecting market confidence may affect investor appetite for the assets in which funds managed by the Standard Life Group and the Aberdeen Group invest and, if the Merger completes, the Combined Group will invest, and may lead to outflows from those funds. This could have an adverse effect on the liquidity of those funds and, more generally, on the profitability of the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group.

On 18 April 2017, the Prime Minister called for a General Election in the UK to be held on 8 June 2017. The call was backed by Members of Parliament in a vote held on 19 April 2017. The outcome of the General Election is uncertain and may result in a change of government or a change in policies that relate to the business of the Standard Life Group and the Aberdeen Group. The consequences for the business of either the Standard Life Group or the Aberdeen Group or, if the Merger completes, the business of the Combined Group are therefore uncertain.

Scotland's First Minister has called for a second referendum on Scottish independence from the rest of the UK. On 28 March 2017, the Scottish Parliament voted to approve a motion calling for a second referendum sometime between autumn 2018 and spring 2019. It is uncertain whether any such referendum will in fact occur, what the outcome would be, and, if a referendum occurred and Scotland voted to leave the UK, what Scotland's future relationship with the rest of the UK and the EU would be. The consequences of a potential future referendum on the business of either the Standard Life Group or the Aberdeen Group or, if the Merger completes, the business of the Combined Group are therefore uncertain.

The impact of the current difficult political environment is uncertain, particularly in view of the unpredictable consequences of the upcoming General Election, the UK's exit from the EU, the uncertainty surrounding the global impact of the potential changes in US policy following the recent change in government there, and a potential future independence referendum in Scotland. However, it is possible that the effects will include further financial instability and slower economic growth, currency fluctuations and could include higher unemployment and inflation in the UK, continental Europe and the global economy, at least in the short to medium term. It could also create constraints on the ability of the

Combined Group to operate efficiently in the future political environment. All or any combination of the foregoing could have a material adverse effect on the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's business, financial condition and financial results.

5. ***As international businesses, the Standard Life Group and the Aberdeen Group are, and, if the Merger completes, the Combined Group will be, exposed to various local political, regulatory and economic conditions, business risks and challenges which may affect the demand for their products and services, the value of their investment portfolios and the credit quality of local counterparties.***

The Standard Life Group and the Aberdeen Group offer products and services in the UK and Europe, North America, the Asia Pacific region and elsewhere around the world, through wholly-owned and majority-owned subsidiaries and, in the case of Standard Life, joint ventures and companies in which they hold non-controlling equity stakes. The Standard Life Group's and the Aberdeen Group's international operations expose them to different local political, regulatory, business and financial risks and challenges which may affect the demand for their products and services, the value of their investment portfolio, the credit quality of local counterparties, revenue, profits and the financial condition and capital requirements of the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group. These risks include, for example, political, social or economic instability in countries in which the Standard Life Group and the Aberdeen Group operate, discriminatory regulation, credit risks of local borrowers and counterparties, lack of local business experience in certain markets, risks associated with exposure to insurance industry insolvencies through policyholder guarantee funds or similar mechanisms set up in local and foreign markets and, in certain cases, risks associated with the potential incompatibility with partners, especially in countries in which the Standard Life Group conducts and in which the Combined Group will, if the Merger completes, conduct business through entities it does not control.

The Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group may also face financial or other exposure in the event that any third party fails to meet its obligations under a relevant agreement or encounters financial difficulty. For example, a considerable proportion of product distribution for both the Standard Life Group, in particular, Standard Life Investments, and the Aberdeen Group is carried out through arrangements with third parties in a variety of markets. A temporary or permanent disruption to these distribution arrangements could affect the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's financial condition.

6. ***The Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's customers or clients may withdraw assets under management at short notice.***

The Standard Life Group's and the Aberdeen Group's revenues are predominantly derived from management fees, the quantum of which is based on the value of assets under management. A high proportion of the Standard Life Group's, in particular, Standard Life Investments, and the Aberdeen Group's funds or client contracts permit investors or clients to reduce the aggregate amount of their investment with no, or only short periods of, notice, or to withdraw altogether from such funds or contracts. If interest rates are rising and/or stock markets are declining and/or the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's investment performance underperforms, the pace of fund redemptions could accelerate. Redemptions of investments in funds may also be requested more quickly than assets can be sold to meet such redemptions, especially in funds where the underlying assets are less liquid. This could result in redemptions being suspended (or other mitigating mechanisms), which would in turn adversely affect the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's reputation and brand.

Material withdrawals of assets under management due to termination of one or more large investment mandates or the termination of many smaller investment mandates would have an immediate impact on

management fees and therefore revenues (as withdrawals can generally be effected on short notice) and, depending on the extent of such withdrawals, could have a material adverse effect on the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's business, financial results, financial condition and growth prospects.

**7. *Changes in client relationships and distribution trends may have a material adverse effect on the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's margins.***

Both the Standard Life Group, in particular, Standard Life Investments, and the Aberdeen Group distribute their asset management products primarily through wholesale distributors and platforms, institutional clients, strategic partners, associates and wholly-owned or third party platforms and, if the Merger completes, this will continue to be the case for the Combined Group's asset management business. The Standard Life Group and the Aberdeen Group currently use their own different platforms for relationship management with advisers, which will be brought together in the Combined Group. Advisers using both platforms may choose to move assets away from one or both platforms following the Merger due to a lack of confidence in the Combined Group, a lack of support for the Merger or the actual or perceived strategic and business priorities of the Combined Group or otherwise. Any change to or termination of client relationships or relationships with particular intermediaries or platforms as a result of the Merger or otherwise could have a material adverse effect on the business, sales, financial results, financial condition and growth prospects of the Combined Group.

**8. *The asset classes underlying the funds and portfolios managed by the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group may become less attractive to investors. Conversely, demand for a fund could exceed the available capacity of that fund or portfolio.***

The Standard Life Group and the Aberdeen Group manage their investments in a range of asset classes, most notably equities, fixed income, multi-asset and real assets, and their investment style and philosophy is to be an active manager of its funds. Sales of the Standard Life Group's and the Aberdeen Group's funds are and, if the Merger completes, sales of the Combined Group's funds will be, in part, determined by the relative attractiveness to investors of these asset classes and of the particular types of assets that are the focus of their funds, as well as their investment style. In the event that these asset classes, or particular types thereof on which the Standard Life Group and the Aberdeen Group focus and on which the Combined Group will, if the Merger completes, focus, were to become less attractive to investors or were there to be a further significant shift towards investors investing through passive or index-based investment products rather than investing in the funds managed by the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group, there may be reduced sales and/or increased redemptions from such funds, particularly where such funds have a concentration of a particular asset class. If, as a result of the foregoing, there were reduced sales of and increased redemptions from the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's funds, such developments could have a material adverse effect on their businesses, sales, financial results, financial condition and growth prospects.

Conversely, demand for a particular fund could increase if the relative attractiveness to clients of the underlying asset classes or the investment style of the particular fund increases. If client demand exceeds the available capacity of a particular fund, this may lead to operational problems with the fund and the Standard Life Group, the Aberdeen Group or, if the Merger completes, the Combined Group may need to restrict entry of further clients to that fund. Operational problems with a fund or a need to restrict entry of clients to certain funds may have an adverse impact on the revenues or reputation of the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group.

**9. *The Standard Life Group is exposed to longevity risk in its life insurance business.***

The Standard Life Group is exposed to longevity risk on annuity contracts held by its customers in the UK and Europe and on contracts held in participating and non-participating funds by its customers in the UK, Europe and Asia and the emerging markets in which the Standard Life Group operates. This includes annuity contracts where an income is paid to a customer for their life, and potentially the life of a dependant, and certain contracts which contain guaranteed income features and which may be invested in unit-linked funds or in the Standard Life Group's with-profits business. In November 2016, the Standard Life Group took the decision to restrict annuity sales in the UK to existing customers only.

A strengthening in the longevity assumptions used to calculate long-term business liabilities would result in an increase in the respective reserves. Inevitably, there remains uncertainty about the development of future longevity. The Standard Life Group's future longevity assumptions are based on industry-wide historical data and its own mortality experience, with an allowance for improvements in future mortality. Should mortality improvement rates significantly exceed the improvement assumed or if there is an expectation of greater improvements due to significant advances in medical treatment for certain health conditions, the Standard Life Group and, if the Merger completes, the Combined Group could be exposed to significant increases in liabilities under annuity contracts to the extent that these liabilities have not been reinsured or otherwise hedged.

**10. *The Standard Life Group is exposed to the risk of incorrect assumptions made in the management of its life insurance business.***

The management of the life insurance business within the Standard Life Group requires the relevant entities to make a number of assumptions in relation to the business written, including the mortality and morbidity rates of customers, the expected return on assets, the development of interest rates, persistency rates (the rates at which customers terminate existing policies prior to their maturity dates), take up rates of options and guarantees and future levels of expenses. These assumptions may turn out to be incorrect.

When establishing provisions, life insurance companies allow for changes in market conditions and monitor their experience against the actuarial assumptions used and assess the information gathered to refine their long-term assumptions. However, it is not possible to determine precisely the amounts in total that will be ultimately necessary to pay liabilities under the policies written by the relevant companies. Amounts may vary from estimates, particularly in light of the long-term nature of the life insurance business. Changes in assumptions may also lead to changes in the level of capital required to be maintained. If the assumptions underlying the Standard Life Group's and, if the Merger completes, the Combined Group's reserving methodology were to prove incorrect, it may be necessary to increase the amount of reserves, which could have a material adverse impact on the Standard Life Group's and, if the Merger completes, the Combined Group's value, the financial results and/or financial condition and the Standard Life Group's and, if the Merger completes, the Combined Group's ability to manage its businesses in an efficient manner. Examples of reserving assumptions, which could prove to be incorrect, would include: actual claims experience being less favourable than the underlying assumptions; a higher than anticipated rate of future claims; or actual levels of future persistency being significantly different to that previously assumed.

**11. *The Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group are dependent on the strength of their brands, the brands of partners and the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's reputation with customers, clients, brokers, consultants and agents in the sale of products and services.***

The Standard Life Group's and the Aberdeen Group's success and results are and, if the Merger completes, the Combined Group's success and results will be, to a certain extent, dependent on the strength of their

respective brands and reputation. While the Standard Life Group and the Aberdeen Group are well recognised, they are, or will be, vulnerable to adverse market, customer and client perception, including customer and client perception of the Combined Group if the Merger completes. The Standard Life Group and the Aberdeen Group operate in and, if the Merger completes, the Combined Group will operate in the industries where integrity, trust and confidence are paramount. The Standard Life Group and the Aberdeen Group are, and if the Merger completes, the Combined Group will be exposed to the risk that litigation, employee misconduct, operational failures, the outcome of regulatory investigations, press speculation and negative publicity, disclosure of confidential client information, and inadequate services, among other factors, whether or not well founded, could impact their brands or reputation.

Any of the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's brands or reputation could also be affected if they (or any intermediaries) recommend products or services that do not perform as expected (whether or not the expectations are well founded) or in line with the customers' or clients' expectations for the product range.

12. ***The Standard Life Group and the Aberdeen Group are, and if the Merger completes, the Combined Group will be rated by several rating agencies, and a decline in any of these ratings could affect the entities' standing among brokers, consultants, customers and clients and cause sales and earnings to decrease.***

Rating organisations assign ratings based upon several factors. While most of the factors relate to the rated company, some of the factors relate to general economic conditions and circumstances outside the rated company's control. The Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group cannot predict what actions rating agencies may take, or what actions may be taken in response to the actions of rating agencies, which could adversely affect the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's business. As with other companies in the financial services industry, the ratings could be downgraded at any time and potentially without any notice by any rating agency. A downgrade may adversely affect the ability to market products and retain existing customers and clients, which may negatively impact new sales and adversely affect the ability to compete and, thereby, have an adverse effect on the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's business, financial results and financial condition. In addition, the interest rates paid on borrowings and the financial flexibility of the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group are affected by their credit ratings.

13. ***Adverse capital and credit market conditions may significantly affect the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's ability to meet liquidity needs, access to capital and cost of capital.***

The capital and credit markets have been experiencing volatility and disruption over recent years. In some cases, the markets have exerted downward pressure on availability of liquidity and credit capacity for certain groups.

The Standard Life Group and the Aberdeen Group need liquidity to pay operating expenses, dividends on ordinary shares, interest on any debt and to meet other liabilities. If the Merger completes, the principal sources of liquidity of the Combined Group will be fees related primarily to the value of assets under management, insurance premiums and cash flow from the investment portfolio and assets held for the account of the business, consisting mainly of cash or assets that are readily convertible into cash. Sources of liquidity in normal markets may include a variety of short-term and long-term instruments, including repurchase agreements, commercial paper, medium-term and long-term debt, junior subordinated debt securities, capital securities and shareholders' equity.

The Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group may not have access to all of these short-term and long-term instruments.

If existing resources do not satisfy the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's needs, they may have to seek additional financing. The availability of additional financing will depend on a variety of factors, such as market conditions, the general availability of credit, the volume of trading activities, the overall availability of credit to the financial services industry, the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's credit ratings and credit capacity, as well as the possibility that customers, clients or lenders could develop a negative perception of the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's long-term or short-term financial prospects if they incurred large investment losses or if the level of business activity decreased due to a market downturn. Internal sources of liquidity may prove to be insufficient, and in such case, the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group may not be able to successfully obtain additional financing on favourable terms, or at all.

Disruptions, uncertainty or volatility in the capital and credit markets may also limit the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's access to capital required to operate their businesses. Such market conditions may limit the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's ability to replace any maturing liabilities in a timely manner; satisfy statutory capital requirements; generate fee income and market-related revenue to meet liquidity needs; and access the capital necessary to grow their businesses. As such, the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group may be forced to delay raising capital, issue shorter-term securities than would be preferable, or bear an unattractive cost of capital which could decrease profitability and significantly reduce financial flexibility. Consequently, the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's financial results, financial condition, cash flows and statutory capital position could be materially adversely affected by disruptions in the financial markets.

**14. *The Standard Life Group and the Aberdeen Group operate and, if the Merger completes, the Combined Group will operate in a number of markets, including through joint ventures and other arrangements with third parties, which involve certain risks that it does not face with respect to its consolidated subsidiaries.***

The Standard Life Group has material interests in joint ventures in certain markets including, in particular, India and China. For such joint venture operations, the Standard Life Group does not, and, if the Merger completes, the Combined Group will not, always have a controlling stake in the joint ventures, as the other venture participants have certain rights and controls. The level of control exercisable by the Standard Life Group and, if the Merger completes, the Combined Group, depends on the terms of the joint venture agreements and local laws regarding, in particular, the allocation of control among, and continued co-operation between, the joint venture participants. Some of these joint venture arrangements require third party partners to participate in and provide capital to the joint venture. These partners may change their strategic priorities or encounter financial difficulties preventing them from providing the necessary capital to promote future growth.

In particular, the Standard Life Group has associate and joint venture businesses in India through HDFC Life and in China through Heng An Standard Life, which offer insurance and savings products to customers in those jurisdictions. The Standard Life Group and, if the Merger completes, the Combined Group are subject to financial exposure if either of these businesses were to underperform or if there were to be related regulatory issues. In limited prescribed circumstances, the Standard Life Group and, if the Merger completes, the Combined Group may also be subject to the dilution of its interest in these businesses and

so the reduction of control. Any of the foregoing may have an adverse effect on the financial condition and profitability of the Standard Life Group and, if the Merger completes, the Combined Group.

**15. *Recent or further acquisitions or material lines of new business may divert management attention and other resources and involve risks of undisclosed liabilities and integration issues.***

In recent years the Standard Life Group and the Aberdeen Group have each acquired businesses and have started new businesses (for example, Standard Life's 1825 business, which has since been expanded by acquisition). Further acquisitions, corporate transactions and the establishment and development of new businesses may take place in the future, and/or those in progress, such as the proposed combination of the life insurance business of HDFC Life (an associate of Standard Life) and Max Life, may not reach a successful conclusion. Growth by acquisition involves risks that could adversely affect the Standard Life Group's and the Aberdeen Group's operating results, including undisclosed liabilities in the acquired entity (such as historic mis-selling) and the substantial amount of management time that may be diverted from operations to pursue and complete acquisitions and corporate transactions. Further risks include the risk that new businesses will not perform as expected and that financial and management resources, over and above what was initially expected, might be required to ensure a successful acquisition, corporate transaction or new business. The Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's acquisitions could also result in the incurrence of additional indebtedness, costs, contingent liabilities, and impairment and amortisation expenses related to goodwill and other intangible assets, all of which could materially adversely affect the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's business, financial condition and financial results. Future acquisitions may have a dilutive effect on the ownership and voting percentages of Standard Life Shareholders and Aberdeen Shareholders. The Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group may also finance future acquisitions with debt issuances or by entering into credit facilities, each of which could adversely affect the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's business, financial condition and financial results. There could be unforeseen liabilities that arise out of the businesses that the Standard Life Group and the Aberdeen Group have acquired and that the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group may acquire in the future, which may not be covered by, or exceed, the amounts of any indemnities provided to the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group by the relevant sellers.

**16. *Price and earnings inflation may adversely affect the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's operating results and financial position.***

A significant proportion of the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's maintenance costs are associated with staff remuneration. If such costs are not controlled within the inflationary environment, the profitability of the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group may be impacted. In addition, significant increases in inflation could impact the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's unit costs in other ways and potentially impact on profitability.

**17. *Changes in short or long-term inflation may increase the size of the Standard Life Group's and the Aberdeen Group's payments and expenses and reduce the value of the Standard Life Group's and the Aberdeen Group's investments.***

The Standard Life Group and the Aberdeen Group are subject to inflation risk through their holdings of fixed interest and other investments and as a result of the potential for the cost of claims and expenses to rise faster than anticipated in their respective pricing or reserving. Changes in inflation could also affect the value perceived to be offered by the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group's policies and so adversely affect persistency levels.

**18. *There are inherent risks associated with participations in defined benefit staff pension schemes.***

The Standard Life Group and the Aberdeen Group operate defined benefit and defined contribution schemes for employees and former employees.

The Standard Life Group currently operates funded occupational defined benefit pension schemes for its employees in the UK and Ireland. In April 2016, the UK scheme was closed to future accrual on a defined benefit basis, with future accrual thereafter on a defined contribution basis. In addition, the Standard Life Group operates a small unfunded defined benefit plan for employees in Germany. The Standard Life Group previously operated an occupational defined benefit pension scheme in Canada, however, all assets and liabilities relating to that plan were transferred out of the Standard Life Group as they were included in the sale of the Canadian business which completed on 30 January 2015.

In the UK, since 16 November 2004, new Standard Life employees have been eligible to join a separate defined contribution scheme. The assets of each scheme are held in independently administered funds, separate from those of the Standard Life Group.

The Aberdeen Group operates a small number of legacy defined benefit schemes including: the Murray Johnstone Limited Retirement Benefits Plan, the Edinburgh Fund Managers Group plc Retirement & Death Benefits Scheme (both UK schemes) and the DEGI Pension Plan (which is a German scheme). These defined benefit schemes, which were inherited on completion of various acquisitions by Aberdeen, are closed to new membership and to future service accrual. The schemes' investments are managed by a fund manager within the Aberdeen Group.

The Aberdeen Group's principal form of pension provision is now by way of defined contribution schemes operated worldwide. In the UK, this is in the form of a Group Personal Pension Plan, under which individual participants elect to have their contributions invested in a range of managed funds and while Aberdeen is not involved in any decisions that participants may make, the management of the funds in which the pension schemes savings are invested is sub-contracted to fund managers within the Aberdeen Group.

As at 31 December 2016, the Standard Life Group's UK defined benefit pension scheme was reported as having assets of £4,927 million and liabilities of £3,207 million on an IAS19 basis. After adjustments, primarily to reflect tax that would be paid by the Standard Life Group following a refund of surplus, the reported IAS19 surplus was £1,093 million. The Aberdeen Group's defined benefit pension schemes (including the Murray Johnstone Limited Retirement Benefits Plan, the Edinburgh Fund Managers Group plc Retirement & Death Benefits Scheme and the DEGI Pension Plan) net accounting deficit was £42.5 million as at 31 March 2017.

There are inherent risks associated with defined benefit schemes. A variety of events could result in a material deterioration in the strength of the schemes in respect of funding, IAS19 and other valuation bases. In some cases, a deficit between the pension scheme's assets and liabilities could develop or increase and this could lead to the need for additional contributions to be paid.

Factors that affect the position of the schemes include: investment performance of the scheme's assets; contributions; assumption changes, and experience relative to the assumptions. Changes in fixed income, credit, equity, property, derivative and other markets may impact both the value of scheme assets and the value placed on scheme liabilities. Other changes in market conditions, the economic environment (such as inflation), demographics (including, but not limited to, member longevity) and the choices of scheme members can also impact the financial position of the schemes. Additionally, the strength and reported position of each scheme could be affected by applicable changes in regulation and legislation and relevant changes in financial reporting standards, guidance and interpretation.

Following a material change in the financial standing of a scheme, appropriate action would be agreed with the trustees. Upon a funding deficit arising, this may require a funding plan to be agreed to make good the deficit over a period of time, but could also include a range of other actions to manage the liabilities. The funding position of the schemes and the requirement to make contributions into the relevant schemes by the Standard Life Group and the Aberdeen Group are reviewed regularly as required by the regulator and, if the Merger completes, this will continue to be the case in relation to the Combined Group. The financial position of the defined benefit pension schemes may affect the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's financial performance and financial statements.

Where a surplus exists on a regular basis, there is a risk that expectations about relevant parties' entitlement to, and their ability to secure, a refund of surplus are subsequently found not to be accurate.

19. ***The Standard Life Group and, if the Merger completes, the Combined Group may experience a reduced demand for individual annuities in the UK as a result of recent and possible further changes in UK law. Further, it is difficult to predict what the future balance between annuities and alternative products will be and how further changes could alter the characteristics of alternative products.***

The Standard Life Group has experienced a reduced demand for individual annuities in the UK due to recent changes in UK law. Individual annuities have historically played a central role in most UK pensioners' post-retirement financial arrangements with defined contribution pension contracts (and their subsequent annuity purchase) offering a tax efficient method of saving for retirement.

New legislation that took effect from April 2015 has given retirees greater flexibility in accessing defined contribution pensions at retirement. Under the new legislation, inter alia, consumers approaching retirement have the freedom to take their whole pension pot as cash (the first 25% remaining tax free, with the balance taxed at the individual's marginal rate).

Subsequent to the UK government's announcement of its intention to pass the new legislation in March 2014 and its coming into effect in April 2015, sales of individual annuities have been and continue to be materially adversely impacted, and there continues to be uncertainty over the longer-term impact, in particular with the possibility that the UK government might further liberalise the restrictions on customers accessing their pension funds on retirement adversely impacting sales of individual annuities.

In response to this drop in demand, the Standard Life Group announced in November 2016 that it would close some of its annuity products and would withdraw from the UK annuities open market and only offer annuity products to existing Standard Life Group customers. It remains too early to assess the extent to which the impact of the UK pension reforms on the Standard Life Group and, if the Merger completes, the Combined Group can be mitigated by the substitution of annuity sales with alternative products.

### ***Financial Reporting Risks***

20. ***The determination of the amount of allowances and impairments taken on investments is highly subjective and could materially impact the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's financial results or financial position. If the Standard Life Group's or the Aberdeen Group's business does not perform well, it may be required to recognise an impairment of goodwill or intangibles, which could adversely affect the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's financial results or financial condition.***

The determination of the amount of allowances and impairments varies by investment type and is based upon the Standard Life Group's and the Aberdeen Group's periodic evaluation and assessment of known

and inherent risks associated with the respective asset class and, if the Merger completes, this will continue to be the case for the Combined Group. Such evaluations and assessments are revised as conditions change and new information becomes available. Furthermore, additional impairments may need to be taken or allowances provided for in the future. Management updates its evaluations regularly and reflects changes in allowances and impairments in operations as such evaluations are revised. If the carrying value of an investment is greater than the recoverable amount, the carrying value is reduced through a charge to the income statement in the period of impairment. There can be no assurance that management has accurately assessed, or will accurately assess, the level of impairments taken and allowances reflected in the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's financial statements.

Goodwill represents the excess of amounts paid to acquire subsidiaries and other businesses over the fair value of their net assets at date of acquisition. The Standard Life Group and the Aberdeen Group test goodwill and intangible assets with indefinite useful lives at least annually for impairment or when circumstances indicate there may be uncertainty over this value. The Standard Life Group and the Aberdeen Group test intangibles with finite lives when circumstances or events indicate there may be uncertainty over this value. Goodwill is allocated to cash-generating units for impairment testing.

Recoverable amounts are impacted by the performance of the business. Goodwill and intangible assets are written down for impairment where the recoverable amount is insufficient to support its carrying value. Additional goodwill and intangibles created by the Merger are similarly exposed to being written down for impairment. Such write-downs could have a material adverse effect on the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's financial results or financial condition.

**21. *The valuation of Fair Value ("FV") securities may include methodologies, estimations and assumptions which, by their nature, require judgement. The use of reasonable alternative methodologies, estimations and assumptions could result in changes to investment valuations that may materially adversely affect the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's financial results or financial condition.***

The Standard Life Group and the Aberdeen Group value FV securities using designated methodologies, estimations and assumptions. These securities, which are reported at fair value on the consolidated statement of financial position, represent the majority of the Standard Life Group's and the Aberdeen Group's total cash and invested assets. The Standard Life Group and the Aberdeen Group have categorised the measurement basis for assets carried at fair value into a 'fair value hierarchy' in accordance with the valuation inputs and consistent with International Financial Reporting Standard ("IFRS") 7 Financial Instruments: Disclosures. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1); the middle priority to fair values other than quoted prices based on observable market information (Level 2); and the lowest priority to unobservable inputs (Level 3). The majority of the Standard Life Group's and the Aberdeen Group's financial assets are valued based on quoted market information or observable market data. At 31 December 2016, 7.0% of the Standard Life Group's total financial assets at fair value were classified as Level 3, amounting to £12,059 million. As at 31 March 2017, 3% of the Aberdeen Group's total financial assets at fair value were classified as Level 3, amounting to £51 million. Where estimates were used for inputs to Level 3 fair values, these were based on a combination of independent third party evidence and internally developed models, calibrated to market observable data where possible. An asset's or liability's classification within the fair value hierarchy is based on the lowest level of significant input to its valuation.

During periods of market disruption including periods of significantly rising or high interest rates, high inflation or a period of deflation, rapidly widening credit spreads or illiquidity, it may be difficult to value

certain of the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's securities if trading becomes less frequent and/or market data becomes less observable. There may be certain asset classes that were in active markets with significant observable data that become illiquid due to the current financial environment. In such cases, more securities may fall to Level 3 and thus require more subjectivity and management judgement. As such, valuations may include inputs and assumptions that are less observable or require greater estimation, as well as valuation methods which are more sophisticated or require greater estimation, thereby resulting in values which may be less than the value at which the investments may be ultimately sold. Furthermore, rapidly changing credit and equity market conditions could materially impact the valuation of securities as reported within the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's consolidated financial statements and the period-to-period changes in value could vary significantly. Decreases in value may have a material adverse effect on the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's financial results or financial condition.

- 22. *If the Standard Life Group's and, if the Merger completes, the Combined Group's business does not perform well or if actual experience versus estimates used in valuing and amortising Deferred Acquisition Costs ("DAC") vary significantly, the Standard Life Group and, if the Merger completes, the Combined Group may be required to accelerate the amortisation and/or impair the DAC which could adversely affect the Standard Life Group's, and, if the Merger completes, the Combined Group's financial results or financial condition.***

The Standard Life Group incurs significant costs in connection with acquiring new business. Certain costs that are related to the production of new insurance and investment management business can be deferred in certain circumstances and are referred to as "DAC". The initial DAC asset is expected to be amortised according to a schedule determined at the outset of the new contract that reflects management's expectation regarding the emergence of future profits.

After initial recognition, DAC assets are reviewed on an ongoing basis and are written off to the extent that they are no longer considered to be recoverable. Such a write-off would result in an increased charge to income in that year, which could have a material adverse effect on the Standard Life Group's and, if the Merger completes, the Combined Group's results. The reviews to determine the recoverability of the DAC take into account the expected future profitability of the related business. Factors that impact the expected future profitability principally arise from investment returns, mortality, morbidity, persistency, interest crediting rates and expenses to administer the business. If actual experience on some or all of these factors is significantly less favourable than those originally expected and/or if this less favourable experience is expected to continue in future, then this could lead to a write-off of some or all of the DAC assets.

### ***Regulation and Legislation Risks***

- 23. *The Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's businesses are and will be subject to regulatory risk, including adverse changes in the laws, regulations, policies and interpretations in the markets in which they operate.***

The Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group will not always be able to predict accurately the impact of future legislation or regulation or changes in the interpretation or operation of existing legislation or regulation on their business, financial results and/or financial condition. Changes in government policy, legislation or regulatory interpretation applying to companies in the financial services and insurance industries in any of the markets in which the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group operate, which may be applied retrospectively, may adversely affect the Standard Life Group's, the Aberdeen Group's and, if the

Merger completes, the Combined or Group's product range, distribution channels, capital requirements and, consequently, results and financing requirements. Such changes could include, for example, alterations to the regulatory framework for pension arrangements and policies or the regulation of selling practices and solvency requirements. The Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group may face increased compliance costs due to the need to set up additional compliance controls or the direct cost of such compliance because of changes to financial services legislation or regulation. The Standard Life Group and the Aberdeen Group face and, if the Merger completes, the Combined Group will face significant compliance challenges because the regulatory environment is evolving rapidly and supervisory authorities around the world are assuming an increasingly active and assertive role in interpreting and enforcing regulations in the jurisdictions in which the Standard Life Group and the Aberdeen Group operate and in which the Combined Group will, if the Merger completes, operate. For example, in the UK the regulator has, in recent years, had an increased focus on the way in which financial services providers provide investment advice and/or sell and administer insurance policies, investment funds and other financial products.

**24. *The Standard Life Group's and the Aberdeen Group's regulated business are, and if the Merger completes, the Combined Group's regulated business is subject to extensive regulation both in the UK and internationally.***

The Standard Life Group and the Aberdeen Group are subject to detailed and comprehensive regulation in each of the jurisdictions in which they conduct business. Likewise, some of the investment vehicles they service (such as UCITS funds operated under the UCITS Directive) also have to satisfy various regulatory requirements in order to be authorised for distribution in some jurisdictions. Regulatory agencies have broad regulatory and administrative power over many aspects of the financial services business, which may include governance, systems and controls requirements, conduct of business requirements (including marketing and selling practices, advertising, customer and client documentation and service standards), market conduct, product authorisation and governance, the licensing of agents, capital adequacy, permitted investments and premium rates. Regulators are concerned primarily with financial stability, market integrity and the protection of customers rather than shareholders or creditors. Financial services laws, regulations and policies currently affecting the Standard Life Group and the Aberdeen Group (and the financial products that they manufacture) may change at any time in ways that could have an adverse effect on the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's business. Furthermore, it is difficult to predict the timing or form of future regulatory initiatives, although it is widely expected that there will continue to be a substantial increase in the regulation and supervision of the financial services industry.

In the UK, the Standard Life Group's business is and, if the Merger completes, the Combined Group's business will be subject to regulation by the FCA and the PRA. The Aberdeen Group's UK business is subject to regulation by the FCA, although Aberdeen Asset Management Life and Pensions Limited is, as a UK authorised insurance firm, subject to the supervision of both the FCA and the PRA. The FCA and the PRA have broad powers, including the authority to grant, vary the terms of, or cancel a regulated firm's authorisation, to investigate marketing and sales practices and to require the maintenance of adequate financial resources. The FCA and the PRA have the power to take a range of investigative, disciplinary or enforcement actions, including public censure, restitution, fines or sanctions and to award compensation. The FCA or the PRA may make enquiries of the companies that they regulate regarding compliance with regulations governing the operation of business and, like all UK regulated financial services firms, the Standard Life Group and the Aberdeen Group face and, if the Merger completes, the Combined Group will face the risk that the FCA or the PRA (as applicable) could find that they have failed to comply with applicable regulations or have not undertaken corrective action as required.

Issues and disputes may arise from time to time from the way in which the insurance industry or fund management and advisory industry has sold or administered an insurance policy, investment fund or other product or in the way in which they have treated policyholders, investors, customers or clients, either individually or collectively.

In the UK, any such issues or disputes arising in relation to private individuals are typically resolved by the Financial Ombudsman Service (the “**FOS**”), or by litigation. The regulator may intervene directly, however, where larger groups or matters of public policy are concerned. There have been several industry-wide financial product mis-selling issues in recent years in which the regulator in the UK has intervened directly, including the sale of personal pensions, the sale of mortgage-related endowments and investments in split capital investment trusts. Certain designated consumer bodies are also empowered under FSMA to make “super-complaints” to the FCA in relation to issues causing detriment to large numbers of consumers.

The FCA has recently conducted a number of thematic reviews and market studies of the annuity and retirement income market. These include a thematic review into the sale of non-advised annuity sales practices which was published in October 2016. The FCA’s review looked at more than 1,200 non-advised sales made by seven firms, including Standard Life, between May 2008 and April 2015. As a result of this investigation, the FCA has asked the Standard Life Group to conduct a review of all non-advised annuity sales from July 2008 to identify whether its customers received sufficient information about enhanced annuities to make the right decisions about their purchase. For further details, see factor 50 below, “*The Standard Life Group is currently undertaking a review of its non-advised annuity sales practices*”.

Following a market study by the Office of Fair Trading (“**OFT**”) and the Department of Work and Pensions (“**DWP**”), since April 2015, a 0.75% charge cap has come into effect on auto-enrolment schemes. The cap covers member borne deductions which include all charges on member savings other than transaction costs. Other measures arising out of the recommendations from the OFT and DWP’s market study are likely to be implemented in coming years, but how these will be implemented remains uncertain. The extent of the measures, including the impact of the charge cap on providers of workplace pensions, together with any requirement to remove commission payments, remain uncertain and the industry response to these measures could have a range of possible impacts on the Standard Life Group’s, the Aberdeen Group’s and, if the Merger completes, the Combined Group’s trading and financial performance.

The FCA is currently undertaking a retirement outcomes review which will explore whether competition is working effectively in the UK retirement income market following the introduction of the UK’s pension market reforms. In particular, the review will focus on: (i) customer choice and ease of switching; (ii) non-advised customer journeys; (iii) firm business models and barriers to entry; and (iv) the impact of regulation on retirement outcomes. The FCA intends to conclude its retirement outcomes review and publish its final report in the summer of 2017.

The FCA is also currently conducting a market study into the asset management sector. The FCA published its interim findings in November 2016. The interim findings identified several ways in which asset management products and services could work better for retail and institutional investors and provisionally proposed certain remedies to address this. In particular, the FCA intends to carry out further analysis as regards the fees and performance in the management of funds, particularly in relation to actively managed products. As a result of this, measures might be taken that could affect the pricing of funds, which could in turn affect the profitability of the Standard Life Group, the Aberdeen Group or, if the Merger completes, the Combined Group. The FCA also expressed concerns about the investment consultancy market and is consulting on whether to make a market investigation reference to the CMA in relation to that market. Any remedies introduced as a result of any resulting CMA market study could have an impact on the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group. More generally, any remedies introduced as a result of the asset management market study could impact the asset

management businesses of the Standard Life Group, the Aberdeen Group or, if the Merger completes, the Combined Group. The FCA's final report is expected later in 2017.

The FCA's interim report on the asset management market study also identified a number of potential competition issues in the investment platforms market. In its business plan for 2017/18, the FCA announced that it will conduct a market study to consider how 'direct to consumer' and intermediated investment platforms compete to win new and retain existing customers. The FCA is yet to publish any detail on the scope of this study and it is not yet possible to determine what impact, if any, it may have on the business of the Standard Life Group, the Aberdeen Group or, if the Merger completes, the Combined Group.

Outside the UK, the Standard Life Group's and the Aberdeen Group's businesses are regulated by local regulators that often have similar powers to the FCA or PRA. Enforcement action taken by non-UK regulators against the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group could have a detrimental impact on perceptions of the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group or have a material adverse effect on their business, financial results and financial condition and divert management's attention from the day-to-day management of their business.

There has been an increased focus in the EU on the fair treatment of customers, in particular on the way in which the insurance industry and fund management industry sells and administers insurance policies, interests in investment funds and other products or services, including investment advice. The Insurance Distribution Directive ("IDD") came into force on 22 February 2016 and EU member states have until 23 February 2018 to transpose and implement its provisions. Notwithstanding the UK's exit from the EU, the UK government has announced that it intends to transpose the IDD into UK law within this time frame. The EU has also developed the PRIIPs Regulation, which is due to enter into force on 1 January 2018 and aims to harmonise pre-contractual disclosures and selling practices for such products. Furthermore, MiFID II also involves the introduction of extensive new rules on product disclosure and sales practices. There is a risk that these new regimes and any rules or regulatory guidance introduced to implement them will lead to restrictions on the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's ability to distribute their products within the EU and result in additional distribution and compliance costs, which could have a material adverse effect on their financial results, operations and costs or otherwise negatively impact their distribution arrangements. In the UK, the FCA continues to focus on the fair treatment of customers more generally, including in relation to the provision of investment advice. See "The Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's businesses are subject to regulatory risk, including adverse changes in the laws, regulations, policies and interpretations in the markets in which they operate" below.

While the Standard Life Group and Aberdeen Group continue to prepare for the implementation and application of MiFID II, a degree of uncertainty persists around the shape of the final regime as implemented or applicable in the UK. As a result, there is a risk that implementing the changes required as a result of MiFID II could give rise to unforeseen compliance costs for the Standard Life Group, the Aberdeen Group or, if the Merger completes, the Combined Group. Uncertainty as to the nature of the final rules means that the Standard Life Group, the Aberdeen Group or, if the Merger completes, the Combined Group may not be able to implement those rules accurately or in time. This could lead to enforcement action by the FCA or PRA, which could have materially adverse consequences for the business of the Standard Life Group, the Aberdeen Group or, if the Merger completes, the Combined Group. More generally, the implementation of MiFID II is likely to have a substantial impact on the economics of the investment services sector generally (including the asset management and investment advice sectors). It is possible that this may be intensified in the longer term by EU plans for the Capital Markets Union.

The International Association of Insurance Supervision (“IAIS”) is developing a common framework for the supervision of internationally active insurance groups (“ComFrame”). The framework is designed to develop common principles and standards for supervision and so may result in more extensive regulation, particularly at the Standard Life Group level and, if the Merger completes, the Combined Group level, in those jurisdictions which do not currently employ group-wide supervision. In addition, it is not clear how ComFrame will interact with existing regimes of group-wide supervision. The intention is that an insurance capital standard (“ICS”), applicable to globally active insurers, will ultimately form part of ComFrame. A revised draft ComFrame proposal was published in September 2014 and ComFrame, including the final ICS, is expected to be finalised in 2019, and implemented in 2020.

Furthermore, various jurisdictions in which the Standard Life Group and the Aberdeen Group operate and in which the Combined Group will, if the Merger completes, operate have created investor compensation schemes that require mandatory contributions from market participants in some instances in the event of failure of another market participant. Circumstances could arise where the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group, along with other companies, may be required to make such contributions.

The Standard Life Group and the Aberdeen Group are exposed to risk from potential non-compliance with policies, employee misconduct or negligence and fraud, which could result in regulatory sanctions and serious reputational or financial harm. In recent years, a number of financial institutions have suffered material losses due to the actions of ‘rogue traders’ or other employees. It is not always possible to deter or prevent employee misconduct, and the precautions the Standard Life Group and the Aberdeen Group take to detect and prevent this activity may not always be effective.

More generally, conduct risk also remains the subject of close regulatory scrutiny across the UK financial services industry. There is an industry-wide risk that conduct-related issues could result in unexpected costs or losses for the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group.

A determination that the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group has failed to comply with applicable regulation could have a negative impact on their reported results or on relations with current and potential customers and clients. Regulatory action against a member of the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group could result in the suspension or revocation of regulatory authorisations, permissions or approvals, financial penalties, adverse publicity for, or negative perceptions regarding, the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group. This may result in regulators subjecting the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group to closer scrutiny than would otherwise be the case, which in turn may result in higher costs, sanctions or fees for the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group. This could otherwise have a material adverse effect on their business, financial results and financial condition and divert management’s attention from the day-to-day management of their business.

**25. *From time to time, changes in the interpretation of existing tax laws, amendments to existing tax rates or the introduction of new tax legislation may adversely impact the Standard Life Group’s, the Aberdeen Group’s and, if the Merger completes, the Combined Group’s business, financial results and financial condition.***

The Standard Life Group and the Aberdeen Group operate in and, if the Merger completes, the Combined Group will operate in several tax jurisdictions around the world. Tax risk is the risk associated with changes in tax law or in the interpretation of tax law. It also includes the risk of changes in tax rates and the risk of failure to comply with procedures required by tax authorities. Failure to manage tax risks could lead to additional tax charges or costs. It could also lead to financial penalties, particularly for a failure to comply

with tax procedures or other aspects of tax law. If, as a result of a particular tax risk materialising, the tax costs associated with particular transactions are greater than anticipated, it could affect the expected profitability of those transactions.

UK and overseas taxation law includes rules governing company taxes, business taxes, personal taxes, capital taxes and indirect taxes. The Standard Life Group and the Aberdeen Group are and, if the Merger completes, the Combined Group will be unable to predict the impact of changes that may be announced in the future to UK and overseas tax legislation on their businesses. From time to time, changes to existing UK and overseas tax laws (including as a result of changes in the interpretation of such tax laws), amendments to existing tax rates or the introduction of new tax legislation in the UK or overseas may adversely impact the business, financial results and financial condition of the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group.

The design of life insurance and certain other financial products takes into account a number of factors, including risks, benefits, charges, expenses, investment returns (including bonuses) and taxation. The design of such products is based upon Standard Life's understanding of the tax legislation and interpretation in force at that time. Changes in tax legislation or in the interpretation of tax legislation may, therefore, when applied to such products, have a material adverse effect on the financial condition of the relevant company (or investment vehicle) in which the business was written.

There are also specific rules governing the taxation of policyholders and other investors. The Standard Life Group is and, if the Merger completes, the Combined Group will be unable to predict the impact of changes announced in the future to tax law on the taxation of life assurance and pension policies in the hands of policyholders or of other financial products in the hands of other investors. Amendments to existing legislation (particularly if there is the withdrawal of any tax relief or an increase in tax rates) or the introduction of new rules may impact upon future life assurance, pensions and other financial products businesses and on the decisions of current and potential policyholders and other investors. The impact of any changes upon the Standard Life Group and, if the Merger completes, the Combined Group could have a material adverse effect on their businesses, financial results and financial condition.

## **Market Risks**

- 26. *A decline in equity markets or an increase in volatility in equity markets may adversely affect the investment portfolio, sales of investment products, fund management business and profitability of the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group.***

Significant downturns and volatility in equity markets could have a material adverse effect on the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's financial condition and financial results. Downturns and volatility in equity markets could have a material adverse effect on revenues and returns from insurance and fund management and advisory businesses.

The Standard Life Group's and the Aberdeen Group's unit-linked and fund management businesses depend on fees related primarily to the value of assets under management. Consequently, a decline in the equity markets could reduce revenues by reducing the value of the investment assets managed by the applicable business. In particular, the Aberdeen Group's core investment strength has been, and remains, equities. The Combined Group may therefore be exposed to fluctuations in equity markets as a whole and global, Asian and emerging markets equity markets in particular. Furthermore, the Aberdeen Group's approach to investing in equities results in significant holdings being held in a relatively small number of companies increasing the concentration risk attached to such holdings.

Profits could also be reduced as a result of current investors withdrawing funds in volatile equity markets or reducing their rates of ongoing investment with the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's products or as a result of failing to attract funds from new investors.

**27. *Interest rate volatility may adversely affect the investment portfolio, sales of investment products, fund management business and profitability of the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group, including the financial results and overall financial condition.***

The Standard Life Group and the Aberdeen Group are exposed to changes in the shape and level of yield curves and changes in the correlation of interest rates with different financial instruments. Insurance and investment contract liabilities exposed to interest rate risk principally comprise non-unit linked insurance and participating and non-participating investment contract liabilities. Other financial liabilities subject to interest rate risk include derivative financial instruments, subordinated liabilities issued by the Standard Life Group that are determined by a floating interest rate and other borrowings.

Due to the long-term nature of the liabilities associated with certain businesses, and guaranteed benefits on certain long-term insurance products, sustained declines in long-term interest rates may subject the Standard Life Group and, if the Merger completes, the Combined Group to reinvestment risks and increased hedging costs. Sustained declines in long-term interest rates may also result in customers redeeming other investment products early.

The Standard Life Group's and the Aberdeen Group's client investment portfolios contain interest rate-sensitive instruments, such as fixed income securities, which may be adversely affected by changes in interest rates from governmental monetary policies, domestic and international economic and political conditions and other factors beyond the Standard Life Group's and the Aberdeen Group's control. A decline in interest rates would decrease unrealised losses or increase unrealised gains in the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's investment portfolios for clients, while lowering rates of return on funds reinvested.

As a result of the differing natures of the products offered by the Standard Life Group and the different regulatory environments in which it operates, the Standard Life Group employs different methods of asset and liability management across its business units. It may not be possible to hold assets which will provide cash flows to exactly match those relating to policyholder liabilities, in particular in jurisdictions with less developed bond markets and in certain markets where regulated surrender value or maturity values are set with reference to the interest rate environment prevailing at the time of policy issue. This results in a residual asset/liability mismatch risk which can be managed but not eliminated.

The Standard Life Group's and the Aberdeen Group's businesses depend on fees related to the value of assets under management. Consequently, a rise in interest rates could reduce revenues by reducing the value of certain of the investment assets the Standard Life Group and the Aberdeen Group manage, and that the Combined Group will manage, if the Merger completes.

Some products, such as annuities, expose the Standard Life Group and, if the Merger completes, the Combined Group to the risk that changes in interest rates will reduce the "spread", or the difference between the amounts that are required to be paid under the contracts and the rate of return the Standard Life Group and, if the Merger completes, the Combined Group is able to earn on investments intended to support obligations under the contracts. The Standard Life Group's and, if the Merger completes, the Combined Group's spread is a material component of net income although this has reduced since UK pension reforms in 2015.

As interest rates decrease or remain at low levels, the Standard Life Group and, if the Merger completes, the Combined Group may be forced to reinvest proceeds from investments that have matured or have been prepaid or sold at lower yields, reducing the investment margin. Moreover, borrowers may prepay or redeem the fixed-income securities, commercial mortgages and mortgage-backed securities in the Standard Life Group's and, if the Merger completes, the Combined Group's investment portfolio with greater frequency in order to borrow at lower market rates, which exacerbates this risk. Lowering bonus rates on with-profits policies can help manage the future build-up of liabilities. However, the ability to lower these rates could be limited by policyholder expectations, competition or contractually guaranteed minimum rates and may not match the timing or magnitude of changes in asset yields.

A material fall in interest rates may also increase the amount of regulatory capital that the Standard Life Group is, and that the Combined Group will be (if the Merger completes), required to hold. The Standard Life Group's life insurance business is also exposed to the risk that policyholders may surrender their contracts in a different interest rate environment or for liquidity reasons, potentially reducing future profits. In other situations, declines in interest rates may result in increasing the duration of certain life insurance liabilities, creating asset liability duration mismatches. In addition, during periods of declining interest rates some products may be relatively more attractive to consumers, resulting in increased premium payments on products with flexible premium features, and a higher percentage of insurance policies remaining in force from year to year, during a period when new investments carry lower returns.

In periods of increasing interest rates, surrenders of life insurance policies may increase as policyholders choose to forgo insurance protection and seek higher investment returns. This could arise as the accommodative monetary policies of central banks, in particular the US. Federal Reserve and the Bank of England, are wound down or stopped. Obtaining cash to satisfy these obligations may require the Standard Life Group and, if the Merger completes, the Combined Group to liquidate certain investments at a time when market prices for those assets are depressed because of increases in interest rates. This may result in realised investment losses. Regardless of whether the Standard Life Group and, if the Merger completes, the Combined Group realises an investment loss, these cash payments would result in a decrease in total invested assets, and may decrease the Standard Life Group's and, if the Merger completes, the Combined Group's net income.

**28. *A widening in credit spreads could reduce the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's future profits.***

Widening credit spreads may reduce the value of the Standard Life Group's and, if the Merger completes, the Combined Group's investment portfolio, which could impact Group profitability in several ways.

Profits from fees taken on unit-linked funds and other third party assets invested in corporate bonds would fall when spreads widen. Other areas where widening credit spreads could impact the Standard Life Group's and, if the Merger completes, the Combined Group's profitability are the valuation and matching of annuity and other long-term liabilities.

Market volatility can make it difficult to value certain securities if trading becomes less frequent. Accordingly, valuations of investments may include assumptions or estimates that may have significant period-to-period changes due to market conditions, which could have a material adverse effect on the Standard Life Group's and, if the Merger completes, the Combined Group's consolidated financial results or financial condition.

29. ***Falls in property prices could have an adverse impact on the investment portfolio, sales of investment products, fund management business and profitability of the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group including the financial results and overall financial condition.***

The Standard Life Group and the Aberdeen Group are subject to property price risk due to holdings of investment properties in various funds. Profits from fees taken on unit-linked funds and other third party assets invested in property would fall when the value of underlying properties falls. A fall in property prices could have an adverse impact on the Standard Life Group's and, if the Merger completes, the Combined Group's investment portfolio and impact the financial results.

In addition, the Standard Life Group is subject to property risk indirectly through investments in mortgage-backed securities. There is the risk that the underlying collateral of the mortgage-backed securities may default on principal and interest payments, causing an adverse impact on cash flows from, and the valuation of, the mortgage-backed securities. The markets for these property investments and instruments can become illiquid, and issues relating to counterparty credit ratings and other factors can exacerbate pricing and valuation uncertainties.

30. ***Market fluctuations, movements in interest rates or increases in volatility implied in option prices may cause the value of options and guarantees embedded in some of the Standard Life Group's and, if the Merger completes, the Combined Group's products to increase and, in extreme circumstances, negatively affect the profitability of the business.***

The Standard Life Group is exposed to the risk that options and guarantees, which are embedded in some of their products, may become more onerous if market conditions have a significant downturn. These options and guarantees may also become more onerous if option-implied volatilities increase. In such circumstances, the Standard Life Group and, if the Merger completes, the Combined Group may be required to provide support to the businesses offering these products, thereby reducing the Standard Life Group's and, if the Merger completes, the Combined Group's earnings and increasing the volatility of their results if hedging or risk management strategies prove ineffective. By providing these guarantees and options, the Standard Life Group's and, if the Merger completes, the Combined Group's capital position is, or will be, sensitive to fluctuations in financial variables, including interest rates, credit spreads, real estate prices and equity prices.

The options and guarantees embedded in the Standard Life Group's and, if the Merger completes, the Combined Group's with-profits business could become more onerous due to changing interest rates in the UK and Europe. Therefore, there may be a requirement for support from the Standard Life Group and, if the Merger completes, the Combined Group if hedges and management actions are not in place or become ineffective.

31. ***Fluctuations in the financial markets, including fixed income, equity, property and credit could affect the levels of regulatory capital that the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group are required to hold, which could materially impact the results of the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group.***

The Standard Life Group and Aberdeen Group are affected by changes in general economic and financial market conditions. Fluctuations in the financial markets could potentially adversely affect the financial condition of the Standard Life Group and the Aberdeen Group and, if the Merger completes, the Combined Group. In turn this could affect their ability to meet relevant regulatory capital requirements. Adverse economic conditions could also influence the counterparty credit risks to which the Standard Life Group

and the Aberdeen Group are and, if the Merger completes, the Combined Group will be subject. This could also increase the regulatory capital requirements to which the Standard Life Group, the Aberdeen Group or, if the Merger completes, the Combined Group are subject.

The Standard Life Group is subject to the consolidated supervision of the PRA under Solvency II, as implemented or applicable in the UK. As such, the Standard Life Group is and, if the Merger completes, the Combined Group will be required to hold eligible own funds in excess of the group Solvency Capital Requirement, which is calculated by reference to the key risks that the Group faces. Individual entities within the Standard Life Group are subject to the prudential supervision of the FCA or PRA on a solo basis (including as regards regulatory capital). In addition, the use of the “Matching Adjustment” and “Transitional Measures on Technical Provisions” in the determination of technical provisions on the Solvency II balance sheet are subject to approval by the PRA and are subject to meeting certain conditions. Removal of the approvals would have a significantly adverse impact on the published solvency position of the Standard Life Group and, if the Merger completes, the Combined Group.

The Aberdeen Group is subject to the consolidated supervision of the FCA under CRD IV, as implemented or applicable in the UK. Under that regime, the Aberdeen Group is required to hold capital resources above its total capital requirement. Aberdeen Asset Management Life and Pensions Limited is subject to the supervision of the PRA on a solo basis (including as regards regulatory capital) under Solvency II, as implemented or applicable in the UK. In September 2016, the FCA requested that the Aberdeen Group increase its minimum regulatory capital buffer to £475 million.

Regulated entities in the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group that are authorised or regulated in non-UK jurisdictions are required to hold regulatory capital on a solo basis in accordance with local regulatory capital requirements. Changes to requirements under those regimes may increase the overall regulatory capital requirements to which the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group are subject.

If the Merger completes, the Combined Group may be subject to higher overall regulatory capital requirements than those that currently apply to the Standard Life Group and the Aberdeen Group. Furthermore, if the Merger completes, any reorganisation of the Standard Life Investments sub-group may change the basis on which that sub-group is consolidated for regulatory capital purposes. This could affect, and may increase, the overall level of regulatory capital that the sub-group and/or the Combined Group is required to hold. Meeting any increased requirement may require the Combined Group to take actions (such as issuing additional regulatory capital instruments) that may affect the profitability of the Combined Group or the amounts available for distribution to the Combined Group’s shareholders.

Furthermore, failure to meet applicable capital requirements could lead to regulatory enforcement action being taken against the Standard Life Group, the Aberdeen Group or, if the Merger completes, the Combined Group by the PRA, FCA or another regulator with the result that the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group has to restore regulatory capital to acceptable levels. This could have a materially adverse effect on the business of the Standard Life Group, the Aberdeen Group or, if the Merger completes, the Combined Group.

**32. *Fluctuations in currency exchange rates may adversely affect the Standard Life Group’s, the Aberdeen Group’s and, if the Merger completes, the Combined Group’s operating results and financial position.***

The Standard Life Group and the Aberdeen Group operate internationally and are exposed to foreign currency exchange risk arising from fluctuations in exchange rates of various currencies.

The Standard Life Group’s and the Aberdeen Group’s assets and liabilities are denominated in a variety of currencies including the Euro, Pounds Sterling, Singapore dollar, Indian Rupee, Chinese Renminbi and

US Dollars. The effect of exchange rate fluctuations on local operating results could lead to significant fluctuations in the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's consolidated financial statements upon translation of values into Pounds Sterling. Foreign currency exchange rate fluctuation could materially adversely affect the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's reported results due to unhedged positions or the failure of hedges to offset the impact of the foreign currency exchange rate fluctuation effectively. Revenues received on underlying assets denominated in currencies other than Pounds Sterling, managed or owned by the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group will fluctuate and could materially adversely affect profits and reported results.

Exposure to foreign exchange risk is of particular concern in light of the uncertainty over the final terms of the UK's relationship with the EU. Further volatility may also occur, including due to a potential future second independence referendum in Scotland. A prolonged lack of clarity on the details of the UK's exit from the EU or Scotland's continued membership of the UK may result in continued market volatility and a deterioration in economic conditions in the UK. In the short to medium term, volatility of financial markets may have an adverse effect on revenue, profits and the financial condition and the capital requirements of the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group.

**33. *Some investments are relatively illiquid and are in asset classes that have been experiencing significant market valuation fluctuations.***

The Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group may hold certain investments that may lack liquidity, such as privately placed fixed-maturity securities, private equity and unlisted equities, as the inputs used for their valuation are not directly observable in the market.

If significant amounts of cash are required at short notice in excess of expected cash requirements, it may be difficult to sell these investments in a timely manner. In such circumstances, the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group may be forced to sell them for less than they otherwise would have been able to. The reported values of relatively illiquid types of investments, investments in the asset classes described in the paragraph above and, at times, high quality, generally liquid asset classes, do not necessarily reflect the lowest current market price for the asset. If the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group were forced to sell certain assets in the current market, there can be no assurance that the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group would be able to sell them for the prices at which they were recorded and the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group may be forced to sell them at significantly lower prices.

**34. *Amounts to be paid out under the Mortgage Endowment Promise depend on investment returns and other assumptions specified in the Scheme of Demutualisation.***

In September 2000, the Standard Life Group (then the Standard Life Assurance Company) announced, subject to certain conditions being satisfied, that it would top-up the payouts at maturity on certain policies where there is a shortfall between the claim value and the mortgage amount originally targeted (the "**Mortgage Endowment Promise**"). Rules determining the Standard Life Group's liability for this Mortgage Endowment Promise are set out in the Scheme of Demutualisation.

Until such time as all claims under such policies are determined, the provisions that are held by companies in the Standard Life Group and that will be held, if the Merger completes, by the Combined Group are, or will be, based on a combination of experience and modelling and are, therefore, only estimates of the expected final outcome. If the Standard Life Group and, if the Merger completes, the Combined Group are required to make payments under the Mortgage Endowment Promise, the actual amount of those payments

may exceed the provisions held by companies in the Standard Life Group and, if the Merger completes, the Combined Group, which could have a material adverse effect on the Standard Life Group's and, if the Merger completes, the Combined Group's business, financial results and financial condition.

### **Credit Risks**

**35. *Counterparty default risk may have an adverse impact on profitability.***

The Standard Life Group and the Aberdeen Group have and, if the Merger completes, the Combined Group will have an exposure to credit default risk through their investments including those in corporate bonds, residential and commercial mortgages, unsecured cash instruments and structured credit assets, as well as exposures through counterparty risks in derivatives contracts, reinsurance arrangements and other financial instruments. The risks in these assets and exposures may be borne by the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group or by the policyholders whose policies the assets back, or a mixture of the two. A counterparty default could create an immediate loss or a reduction in future profits, depending on where the loss occurred in the business.

**36. *Inability of reinsurers or hedge counterparties of the Standard Life Group to meet their obligations, or the unavailability of adequate reinsurance coverage, may have an adverse impact on profitability.***

The Standard Life Group transfers exposure to certain risks to others through reinsurance and hedging arrangements. When the Standard Life Group obtains reinsurance, it remains primarily liable for the reinsured risks, regardless of whether the reinsurer meets its reinsurance obligations. Therefore, the inability or unwillingness of the Standard Life Group's reinsurers to meet their financial obligations or disputes on, and defects in, reinsurance contract wording or processes, could materially affect the Standard Life Group's operations. Reinsurers or hedge counterparties may become financially unsound by the time they are called upon to pay amounts due. As a result of financial market conditions and other macro economic challenges recently affecting the global economy, reinsurers and hedge counterparties may experience increased regulatory scrutiny, serious cash flow problems and other financial difficulties. Reinsurers and hedge counterparties may also become financially unsound as a result of operational failures within their respective organisations. In addition, reinsurance or hedging may prove inadequate to protect against losses. Due to the nature of the reinsurance market and the restricted range of reinsurers that have acceptable ratings, the Standard Life Group is exposed and, if the Merger completes, the Combined Group will be exposed to concentrations of risk with individual reinsurers.

If a catastrophic event or the inability to meet financial obligations caused these counterparties to default, the Standard Life Group's business profitability could be significantly affected to the extent that any collateral mechanism also fails. Furthermore, market conditions beyond the Standard Life Group's control determine the availability and cost of the hedging or reinsurance protection purchased. Accordingly, the Standard Life Group may be forced to incur additional expenses for hedging or reinsurance or may not be able to obtain sufficient hedging or reinsurance on acceptable terms, which could adversely affect the ability to write future business.

### **Operational and Conduct Risks**

**37. *The Standard Life Group and the Aberdeen Group are and, if the Merger completes, the Combined Group will be exposed to conduct risk.***

Conduct risk is the risk that decisions and behaviours of a company or its employees do not support the integrity of financial markets, lead to its customers or clients being treated unfairly, or otherwise result in detrimental customer or client outcomes. Conduct risk may arise where the Standard Life Group, the Aberdeen Group or, if the Merger completes, the Combined Group fail to design, implement or adhere to

appropriate policies and procedures, offer products, services or other propositions that do not meet the needs of customers or clients or fail to perform in accordance with its intended design, fail to communicate appropriately with customers or clients, fail to deal with complaints effectively, sell unsuitable products to customers or clients, fail to provide them with adequate information to make informed decisions or provide inappropriate investment or financial planning advice to customers or clients, among other things. This risk may also arise as a result of employee (mis)conduct.

Conduct risk remains the subject of close regulatory scrutiny. Failing to protect the interests of customers or clients in this way could lead to legal proceedings or regulatory enforcement action. This could in turn lead to financial penalties, reputational damage and, in the case of regulatory enforcement action, the suspension or revocation of regulatory permissions, licences or approvals. This could have a material adverse effect on the business of the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group.

**38. *All of the Standard Life Group's and the Aberdeen Group's businesses are and, if the Merger completes, the Combined Group's businesses will be subject to operational risks, including the risk of direct or indirect loss resulting from inadequate or failed internal and external processes, systems and human error or from external events.***

The Standard Life Group's and the Aberdeen Group's businesses are and, if the Merger completes, the Combined Group's businesses will be dependent on: (i) processing and reporting on a large number of complex transactions across numerous and diverse products; and (ii) their ability to correctly manage customer policies and client assets. Furthermore, the long-term nature of certain businesses of the Standard Life Group means that accurate records have to be maintained for significant periods. The Standard Life Group and the Aberdeen Group outsource and, if the Merger completes, the Combined Group will outsource several significant operations, including much of their valuation and pricing functions and certain back office servicing and is therefore at least partially reliant upon the operational processing performance of outsourcing partners. Any failures or errors in the performance of these outsourced functions by a relevant third party provider may require the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group to reimburse the affected parties in respect of losses suffered (which may be significant and may not be recovered against the third party provider or under any applicable policy of insurance). The Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group may be unable to recover any such losses fully or at all from the third party or under any relevant insurance policies.

If any of the foregoing or similar risks were to materialise, the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group may also be required to conduct thorough investigations of the circumstances surrounding the breach and regulatory investigations may also follow. The costs involved in such investigations, including management time and professional fees, could be material to the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group.

The systems and processes on which the Standard Life Group and the Aberdeen Group are and, if the Merger completes, the Combined Group will be dependent to serve customers and clients may fail due to IT malfunctions, human error, business interruptions, non-performance by third parties or other external events. This could disrupt business operations resulting in material brand and reputational damage, loss of customers and clients and regulatory action and have a consequent material adverse effect on the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's results. The specifics or timing of all possible operational and systems failures which may adversely impact the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's business cannot be anticipated.

**39. *The failure to attract or retain the necessary personnel could have a material adverse effect on the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's results and/or financial condition.***

As global financial services organisations, the Standard Life Group and the Aberdeen Group rely, to a considerable extent, on the quality of key talent and business leaders in each of the regions and countries in which they respectively operate. The success of operations is dependent on, among other things, the ability to attract and retain highly qualified professional people. In particular, both businesses are highly reliant on the performance of their fund management teams. It is therefore important that key fund managers and other individuals identified as having key talents and skills critical to the success of the business are engaged and retained and, where necessary, in the event of any unexpected departures, are replaced with the best available talent from either internal or external sources.

Competition for highly qualified professional people in most countries in which the Standard Life Group and the Aberdeen Group operate and in which the Combined Group will, if the Merger completes, operate is intense. The Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's ability to attract and retain key people and, in particular, directors and experienced investment managers, fund managers and other specialists, is dependent on a number of factors, including prevailing market conditions, culture and working environment and compensation packages offered by companies competing for the same talent. In addition, it is unclear how a potential future second referendum on Scottish independence and the UK's decision to leave the EU might impact the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's ability to attract and retain key people in the UK or how new immigration requirements may impact the ease with which UK nationals can work in any of their European locations.

There will be a period of uncertainty for individuals, and therefore an increased retention risk, during the pre-completion integration planning phase, during which both the Standard Life Group and the Aberdeen Group continue to be bound by the strict merger control requirements limiting its or their confirmation, communication or publication of the proposed post-merger organisational structure, plans and potential impact on roles. If the Merger completes, there may be other factors during the integration phase, until 'end state' model and synergies are achieved, that may also impact retention. Internal restructuring, transfer of employees under TUPE or measures arising from a transfer, collective consultation involving assessment and selection, cultural factors and leadership behaviour, or the bringing together of key talent in senior 'co-head' business roles or other 'interim' arrangements, may all potentially impact the Combined Group's ability to retain key talent. Furthermore, failure to retain key personnel such as experienced investment managers or fund managers may have an adverse impact on the income and fees generated by funds and portfolios.

**40. *Risks relating to the outsourcing of services.***

The Standard Life Group and the Aberdeen Group have outsourced much of their valuation and pricing functions and certain middle and back office functions to third parties and, if the Merger completes, the Combined Group will seek to maintain these arrangements. If the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group do not effectively develop and implement their outsourcing strategies, third party providers do not perform as anticipated, contracts with any of these third party providers are terminated or the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group experience technological or other problems with a transition, they may not realise productivity improvements or cost efficiencies and may experience operational difficulties, increased costs and a loss of business. Furthermore, mistakes by third party providers, for example in relation to pricing functions, could result in reputational damage, a requirement to pay compensation to customers or clients or regulatory action or fines. The Standard Life Group, the Aberdeen Group and, if the

Merger completes, the Combined Group may be unable to recover losses from third party providers, for example in the event of financial distress or limitations on liability. In addition, the ability to receive services from third party providers outside the UK (or the jurisdictions in which subsidiaries operate) might be impacted by cultural differences, political instability, unanticipated regulatory requirements or policies inside or outside the UK. As a result, the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's ability to conduct business might be adversely affected and result in regulatory action.

- 41. *The Standard Life Group and the Aberdeen Group are and, if the Merger completes, the Combined Group will be reliant on IT systems and there are risks that the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's current and legacy systems cannot be made to adapt to growth in the business or new styles of doing business.***

Key IT initiatives may not deliver what is required either on time or within budget or provide the performance levels required to support the current and future needs of the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's business. Failure to devote significant resources to support existing systems and upgrade legacy systems could result in the inability to gather information for pricing, underwriting and reserving, and to attract and retain customers and clients, for whom online functionality is becoming increasingly important. If the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group fail to maintain and develop adequate IT systems, they could also incur higher administrative costs both from the processing of business and remediation of disputes. The Standard Life Group and the Aberdeen Group have dependencies on services provided by third parties which, if they had cause to fail or not deliver on requirements, could result in the inability to provide the IT services required by the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group.

Furthermore, inability of the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group to keep pace with software and infrastructure investment requirements and innovation may have an adverse impact on their ability to remain competitive within the relevant markets.

- 42. *Attempts by third parties or malicious insiders to disrupt the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's IT systems could result in loss of trust from the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's customers and clients, causing reputational damage and financial loss.***

The Standard Life Group and the Aberdeen Group are increasingly exposed to the risk that third parties or malicious insiders may attempt to use cyber-crime techniques, including distributed denial of service attacks to disrupt the availability, confidentiality and integrity of their IT systems, which could result in disruption to key operations, make it difficult to recover critical services, damage assets and compromise data (corporate, customer or client). Additionally, the increased global footprint of the Combined Group increases the vulnerability to cyber-crime. This could result in loss of trust from the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's customers and clients, causing reputational damage, regulatory action and financial loss.

Cyber-attacks are by their nature technologically sophisticated and may be difficult or impossible to detect and defend against. As a result, there can be no assurance that such attacks will not be successful and result in adverse consequential effects on the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's business and financial position.

**43. Arrangements with third parties, including non-renewal of existing arrangements or impairment of financial institutions, service providers and business partners, could adversely affect the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group.**

The Standard Life Group and the Aberdeen Group have and, if the Merger completes, the Combined Group will have exposure to many different industries and counterparties, and routinely execute transactions with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, hedge funds and other investment funds, insurance groups and other institutions. Many of these transactions expose the Standard Life Group and the Aberdeen Group to credit risk in the event of default of a counterparty (and, if the Merger completes, the position will be the same for the Combined Group). With respect to secured transactions, the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's credit risk may be impacted where the collateral held cannot be realised or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure due to it. The Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group also have exposure to these financial institutions in the form of unsecured debt instruments, derivative transactions and equity investments. Partnership agreements may also be terminated on certain dates or subject to certain conditions and could be subject to renewal on less favourable terms or not at all.

There can be no assurance that any such non-renewals, losses or impairments to the carrying value of these assets would not materially and adversely affect the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's business and financial results.

**44. Errors may affect the calculation of unit prices or deduction of charges for the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's unit-linked products or mutual funds which may require it to compensate customers or clients retrospectively.**

A significant proportion of the Standard Life Group and the Aberdeen Group's business is unit-linked contracts, where product benefits are linked to the prices of underlying unit funds, and mutual funds business and, if the Merger completes, this will continue to be the case for the Combined Group's business. There is a risk of error in the calculation of the prices of these funds, which may be due to human error in data entry, IT-related issues, failure of outsourcing parties to perform required duties or other causes. Additionally, it is possible that policy or fund charges which are, or will be, deducted from these contracts or funds are taken incorrectly, or the methodology is subsequently challenged by policyholders, investors or regulators and changed retrospectively. Any of these factors could give rise to future liabilities, such as compensation payments to customers or clients. Payments due to errors or compensation may negatively impact the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's profits.

**45. The Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group may fail to manage conflicts of interest between the funds they manage.**

In order to leverage the Standard Life Group's and the Aberdeen Group's fund management expertise, the same fund management team will sometimes manage several funds or mandates with similar investment strategies and, if the Merger completes, the Combined Group will continue to adopt this approach.

Both the Standard Life Group and the Aberdeen Group have policies and procedures to minimise the risk of conflicts of interests. The Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group may suffer reputational damage or potential regulatory liability if their information barriers, procedures and systems to identify, record and manage potential conflicts of interest fail. There is also an inherent risk that any future migration of the policies of the Standard Life Group and the Aberdeen Group to form a policy for the Combined Group could lead to deviations from the practice operated in both

businesses. Any such failures may have a material adverse impact on the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's reputation and brand, business, sales, financial results, financial condition and growth prospects.

**46. Breaches by the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group of investment mandates could lead to significant losses.**

The Standard Life Group and the Aberdeen Group are generally required to invest in accordance with specific investment mandates established for the particular fund or (in the case of segregated mandates) set by the client. If investments are made or managed in breach of an investment mandate, the Standard Life Group and the Aberdeen Group and, if the Merger completes, the Combined Group could be required to unwind the relevant transactions, could suffer reputational and brand damage and would be likely to be liable for any losses suffered by an affected party in doing so. Such losses could be significant and exceed amounts recoverable under the Standard Life Group's and the Aberdeen Group's and, if the Merger completes, the Combined Group's insurance policies, if any. The potential reputational and brand damage and the obligation to compensate for such losses could have a material adverse effect on the Standard Life Group's and the Aberdeen Group's and, if the Merger completes, the Combined Group's business, sales, financial results and financial condition.

**47. The Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group may fail to detect or prevent money laundering and other financial crime activities if financial crime risks are not correctly identified and if effective controls to mitigate those risks are not implemented. This could expose the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group to heavy fines, additional regulatory scrutiny, increased liability and reputational risk.**

The Standard Life Group and the Aberdeen Group are required to comply with applicable anti-money laundering ("AML"), anti-terrorism, sanctions, anti-bribery and corruption ("ABC"), insider dealing and other laws and regulations in the jurisdictions in which they operate. These laws and regulations require the Standard Life Group and the Aberdeen Group, among other things, to conduct customer due diligence regarding sanctions and politically-exposed person screening, keep customer and supplier account and transaction information up to date and implement effective financial crime policies and procedures.

Financial crime has become the subject of enhanced regulatory scrutiny and supervision by regulators globally. AML, ABC and insider dealing and sanctions laws and regulations are increasingly complex and detailed and have become the subject of enhanced regulatory supervision, requiring improved systems, sophisticated monitoring and skilled compliance personnel.

Financial crime is continually evolving, and the expectations of regulators are increasing. This requires similarly proactive and adaptable responses from the Standard Life Group and the Aberdeen Group so that they are able to effectively deter threats and criminality. Even known threats can never be fully eliminated, and there will be instances where the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group may be used by other parties to engage in money laundering and other illegal or improper activities. In addition, the Standard Life Group and the Aberdeen Group also rely on their employees and external administrators to identify and report such activities. There is a risk that they will fail to do so or otherwise fail to comply with or implement the Standard Life Group's, the Aberdeen Group's or, if the Merger completes, the Combined Group's policies and procedures relating to financial crime.

Where the Standard Life Group and the Aberdeen Group are unable to comply with applicable laws, regulations and expectations, regulators and relevant law enforcement agencies have the ability and authority to impose significant fines and other penalties, including requiring a complete review of business systems, day-to-day supervision by external consultants and ultimately the revocation of regulatory

authorisations and licences. The reputational damage to the Standard Life Group's and the Aberdeen Group's businesses and global brand would be severe if they were found to have breached AML or sanctions requirements. The Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's finances and reputation could also suffer if they are unable to protect customers or prevent the business from being used by criminals for illegal or improper purposes.

**48. *The Standard Life Group and the Aberdeen Group are and, if the Merger completes, the Combined Group will be subject to regulation regarding the use of personal customer data.***

The Standard Life Group and the Aberdeen Group process large amounts of personal customer data as part of their business and therefore must comply with strict data protection and privacy laws in all jurisdictions in which they operate. The Standard Life Group and the Aberdeen Group are, and if the Merger completes, the Combined Group will be, exposed to the risk that, as a result of human error, cyber-crime or otherwise, personal customer data could be wrongfully appropriated, lost or disclosed, or processed in breach of data protection regulation, by or on behalf of the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group. Such an occurrence could result in the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group facing liability under data protection laws, the loss of their customers, the loss of goodwill of their customers and the deterrence of new customers, any or a combination of which could have a material adverse effect on the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's business, financial condition and financial results.

Furthermore, the General Data Protection Regulation ((EU) 2016/679) ("GDPR") entered into force on 24 May 2016 and will apply in all EU member states from 25 May 2018, introducing the potential for significant new levels of fines for non-compliance based on turnover. The Standard Life Group and the Aberdeen Group and, if the Merger completes, the Combined Group will continue to review and develop existing processes to ensure that customer personal data is processed in compliance with the GDPR's requirements, to the extent that they are applicable to the Combined Group, and it may be required to expend significant capital or other resources and/or modify its operations to meet such requirements, any or a combination of which could have a material adverse effect on the Combined Group's business, financial condition and financial results.

**49. *The Standard Life Group and the Aberdeen Group are and, if the Merger completes, the Combined Group will be involved in various legal proceedings and regulatory investigations and examinations and may be involved in more in the future.***

The Standard Life Group and the Aberdeen Group are like other financial organisations, subject to legal proceedings, ombudsman processes, regulatory investigations and examinations and other forms of litigation brought by third parties (including customers and clients) in the normal course of their business (together, "proceedings"). Due to the nature of these proceedings, it is not practicable to forecast or determine the final results of all such proceedings. It is also possible that a regulator in one of the jurisdictions in which the Standard Life Group and the Aberdeen Group conduct their business and in which the Combined Group will, if the Merger completes, conduct its business may carry out a review of products previously sold or services previously supplied, whether as part of an industry-wide review, a firm-specific assessment or otherwise. It is not possible to predict the outcome of such reviews. Possible outcomes include a requirement to compensate customers for losses they have incurred as a result of the products they were sold or services they received or the initiation of regulatory enforcement action against the Standard Life Group, the Aberdeen Group or, if the Merger completes, the Combined Group, such as the imposition of a fine. This may have an adverse effect on the business of the Standard Life Group, the Aberdeen Group or, if the Merger completes, the Combined Group.

**50. *The Standard Life Group is currently undertaking a review of its non-advised annuity sales practices.***

On 14 October 2016, the FCA published the findings of its thematic review of non-advised annuity sales practices. Standard Life was a participant in that review. The FCA looked at whether firms provided sufficient information to their customers about their potential eligibility for enhanced annuities.

At the request of the FCA, Standard Life is conducting a review of non-advised annuity sales (with a purchase price above a minimum threshold) to customers eligible to receive an enhanced annuity from 1 July 2008 until such date as Standard Life can demonstrate its compliance with the applicable regulatory standards. The purpose of this review is to identify whether these customers received sufficient information about enhanced annuities to make the right decisions about their purchase, and, where appropriate, provide redress to customers who have suffered loss as a result of not having received sufficient information. Standard Life has been working with the FCA regarding the process for conducting this past business review.

The Standard Life Group has established a provision of £175 million in Standard Life's 2016 annual accounts for an estimate of the redress payable to the Standard Life Group's annuity customers, as well as the costs of conducting the review and other related cost and expenses. The provision and timeline are based on assumptions and it will not be until the review is underway and further progressed that these will be confirmed and validated. There is a risk that the underlying assumptions are incorrect, which may result in an overall cost that is higher or lower than the provision. The Standard Life Group has not provided for any possible FCA-levied financial penalty relating to the review.

The Standard Life Group has in place liability insurance and is seeking up to £100 million (after accounting for any excess) of the financial impact of the provision to be mitigated by this insurance. The Standard Life Group is currently in discussions with its insurers and, as a result, no insurance recovery has been recognised as an asset in Standard Life's 2016 annual accounts.

The Standard Life Group expects the majority of the outflows associated with this provision, including outflows relating to establishing any reserves for future annuity payments, to have occurred by the end of 2018.

In relation to this review, the FCA is carrying out an investigation and it is possible that the FCA may take further action (including by imposing financial penalties or public censures). At this stage, it is not possible to determine an estimate of the financial effect, if any, of this contingent liability. The Standard Life Group is also assessing whether and the extent to which the FCA's enhanced annuities review has implications for other past annuity sales practices.

**51. *Catastrophic events, which are often unpredictable by nature, could result in material losses and abruptly and significantly interrupt business activities.***

The Standard Life Group and the Aberdeen Group are exposed to volatile natural and man-made disasters such as pandemics, hurricanes, floods, windstorms, earthquakes, terrorism, riots, fires and explosions. Such events may not only affect insurance claims, but could also adversely impact investment markets and cause falls in the value of the Standard Life Group's and the Aberdeen Group's investment portfolios. Over the past several years, changing weather patterns and climatic conditions have added to the unpredictability and frequency of natural disasters in certain parts of the world and created additional uncertainty as to future trends and exposure.

The Standard Life Group, particularly through its life insurance operations, is exposed to the risk of catastrophic mortality, so that an event such as a pandemic or other event that causes a large number of deaths could have an adverse impact on their financial results in any period and, depending on its severity, could also materially and adversely affect its financial condition.

Furthermore, pandemics, natural disasters, terrorism and fires could disrupt operations and result in significant loss of property, key personnel and commercial information. Catastrophic events could also harm the financial condition of the Standard Life Group's and the Aberdeen Group's reinsurers and thereby increase the probability of default on reinsurance recoveries and could also reduce their ability to write new business. If business continuity plans have not included effective contingencies for such events, they could adversely affect the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's business, financial results, corporate reputation and financial condition for a substantial period of time.

- 52. *Risk management policies and procedures may leave the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group exposed to unidentified or unanticipated risk, which could negatively affect their businesses.***

Management of risk requires, among other things, policies and procedures to record properly and verify a large number of transactions and events. Many risk exposures are quantified using mathematical models which are calibrated using a combination of historical data and expert judgement. As a result, these methods may not fully predict future exposures, which can be significantly greater than historical measures indicate, particularly in unusual markets and environments. Other risk management methods depend upon the evaluation of information, regarding markets, customers, clients, catastrophe occurrence or other matters, that is, or will be, publicly available or otherwise accessible to the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group. This information may not always be accurate, complete, up to date or properly evaluated. Although the Standard Life Group and the Aberdeen Group make use of and, if the Merger completes, the Combined Group will make use of forward-looking risk indicators where appropriate, it is not possible for these indicators to precisely predict future outcomes which may result in the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group being exposed to unidentified or unanticipated risks.

- 53. *The inability of the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group to adequately insure against specific risks may have an adverse impact on profitability.***

The Standard Life Group's and the Aberdeen Group's businesses entail the risk of liability related to litigation from customers, clients or third party service providers and actions taken by regulatory agencies, which may not be adequately covered by insurance or at all. Specifically, there is a risk that claims may arise in relation to damage resulting from the Standard Life Group's or the Aberdeen Group's employees' or service providers' operational errors or negligence, or misconduct or misrepresentation by their employees, agents and other operational personnel. There can be no assurance that a claim or claims will be covered by insurance or, if covered, that any such claim will not exceed the limits of available insurance coverage or that any insurer will meet its obligations to insure. There can also be no assurance that insurance coverage with sufficient limits will continue to be available at a reasonable cost. Renewals of insurance policies or claims under existing policies may expose the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group to additional costs through higher premiums or the assumption of higher deductibles or co-insurance liability. A significant increase in the costs of maintaining insurance cover or the costs of meeting liabilities not covered by insurance could have a material adverse effect on the Standard Life Group's, the Aberdeen Group's and, if the Merger completes, the Combined Group's business, financial results, financial condition and growth prospects.

## **PART B RISKS RELATING TO THE MERGER**

### **54. *Completion of the Merger is subject to a number of conditions that may not be satisfied or waived.***

The Scheme is subject to the Conditions and further terms and conditions set out in the Scheme Document. These Conditions include: (i) obtaining the relevant regulatory clearances from the PRA, the FCA and other regulators; (ii) obtaining clearances from the appropriate competition authorities; (iii) the approval of the Scheme by a majority in number representing not less than 75% in value of the Scheme Shareholders (or the relevant class or classes thereof, if applicable) present and voting, either in person or by proxy, at the Aberdeen Court Meeting and at any separate class meeting that may be required by the Court or at any adjournment of any such meeting on or before the 22nd day after the expected date of the Aberdeen Court Meeting as set out in the Scheme Document (or such later date, if any, as Standard Life and Aberdeen may agree and as the Court may allow); (iv) all resolutions necessary to approve and implement the Scheme being duly passed by the requisite majority or majorities at the Aberdeen General Meeting or at any adjournment of that meeting on or before the 22nd day after the expected date of the General Meeting as set out in the Scheme Document (or such later date, if any, as Standard Life and Aberdeen may agree and as the Court may allow); (v) the sanction of the Scheme with or without modification (but subject to any such modification being acceptable to Standard Life and Aberdeen) by the Court on or before the 22nd day after the expected date of the Aberdeen Court Hearing as set out in the Scheme Document (or such later date, if any, as Standard Life and Aberdeen may agree and as the Court may allow) and the delivery of a copy of the Aberdeen Court Order to the Registrar of Companies; and (vi) the Scheme becoming effective no later than the Long Stop Date.

There is no guarantee that the Conditions will be satisfied in the necessary time frame (or waived, if applicable) and the Merger may, therefore, be delayed (or not complete at all). Delay in completing the Merger will prolong the period of uncertainty for the Standard Life Group and the Aberdeen Group and may result in the accrual of additional costs to their businesses (for example, there may be an increase in costs in relation to the preparation and issue of documentation or other elements of the planning and implementation of the Merger) without any of the potential benefits of the Merger having been achieved. In addition, the Standard Life Group's and the Aberdeen Group's management and employees would have spent time in connection with the Merger, which could otherwise have been spent more productively in connection with the other activities of the Standard Life Group and the Aberdeen Group, as applicable. Therefore, the aggregate consequences of a material delay in completing the Merger may have a material adverse effect on the business, financial results and financial condition of the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group.

Standard Life's ability to invoke a Condition to the Merger to delay the Merger beyond the Long Stop Date is subject to the Panel's consent. The Panel will need to be satisfied that the underlying circumstances are of "material significance" to the Standard Life Group in the context of the Merger and this is a high threshold to fulfil. Consequently, there is a significant risk that Standard Life may be required to complete the Merger even where certain Conditions have not been satisfied (for example, not all the regulatory consents or consents from commercial counterparties have been obtained) or where a material adverse change has occurred to the Standard Life Group or the Aberdeen Group. It may also be the case that certain Conditions may only be satisfied subject to onerous conditions or undertakings, such as a requirement for disposals of certain business lines or operations or similar. If events such as those described in this paragraph were to occur, they might result in additional costs and/or the delay or the failure to realise the financial benefits and synergies identified by the parties. Proceeding to complete the Merger without particular clearances and consents from third parties, which may include governments, regulators and commercial counterparties, may impact the Combined Group's future strategy and operations, result in the imposition of penalties, fines and other criminal and civil sanctions and the termination or variation of contracts and may cause damage to the Combined Group's reputation and business relationships with

governments, regulators and counterparties. If events such as those described in the preceding sentence were to occur, there may be a material adverse effect on the business, financial results and financial condition of the Combined Group and the market price of the Standard Life Shares.

55. ***The Combined Group's success will be dependent upon the ability of its leadership to integrate the two businesses without material dis-synergies; there will be numerous challenges associated with the integration and the synergies expected from the Merger may not be fully achieved.***

The current operations of the Standard Life Group and the Aberdeen Group will be integrated to form the combined operations of the Combined Group over a period of approximately three years from completion of the Merger. To the extent that the leadership of the Combined Group is unable to efficiently integrate the operations (including general business processes, investment processes and human resources), culture and philosophy, realise cost reductions, retain qualified personnel, retain customers and clients and avoid unforeseen costs or delay, there may be an adverse effect on the business, financial results and/or the financial condition of the Combined Group. Unanticipated events or liabilities may arise that result in a delay or reduction in the benefits derived from the transaction, or in costs significantly in excess of those estimated. Therefore no assurance can be given that the integration process will deliver all or substantially all the expected benefits or realise such benefits in a timely manner or at all.

The Combined Group will encounter numerous integration challenges as a consequence of the Merger and may identify unanticipated risks as a result of the application of the risk management processes. Following completion, the Combined Group's management and resources may be diverted from its core business activities due to personnel being required to assist in the integration process. The integration process may lead to an increase in the level of operational risk events such as administrative errors. A decline in the service standards of the Combined Group may result in an increase in customer or client complaints and customer, client and/or regulatory actions, which may lead to reputational damage and the loss of customers, clients and/or distributors by the Combined Group and have an adverse impact on financial performance and condition.

There will inevitably be a cost involved in revising the current systems and structures of the Combined Group following completion of the Merger. There is a risk that these costs could exceed current estimates, which would adversely affect anticipated integration benefits.

During the integration period following completion of the Merger, the Combined Group may not be in a position to acquire other insurance and/or asset management-related targets that it might otherwise have sought to acquire, or enter into any other corporate transaction (including any merger or disposal) that it might otherwise have sought to. In view of the demands the integration process may have on management time, it may also cause a delay in other projects currently contemplated by the Standard Life Group and the Aberdeen Group.

The continued success of the Combined Group will be dependent on the successful integration of the cultures and philosophies (including the corporate culture and internal work culture) of the Standard Life Group and the Aberdeen Group. A failure to reconcile any differences in those cultures could have an adverse impact on the reputation of the Combined Group, the service standards of the Combined Group, the motivation and work output of the existing employees, retention of customers, clients and employees by the Combined Group or the Combined Group's ability to attract new customers, clients and employees.

The ability of the Standard Life Group and the Aberdeen Group to retain and grow the combined business and realise the other anticipated benefits and synergies is dependent on third parties such as customers, clients, consultants, investment advisers and employees being supportive of both the Merger and the strategic and business priorities of the Combined Group. Customers, clients and distributors may elect to reduce their exposure to the Combined Group in response to the Merger, particularly in light of the

aggregation of positions across the Standard Life Group and the Aberdeen Group, or to maintain rather than grow their current exposure pending further clarity on the effects of the Merger. Similarly, investment may be deterred if consultants or investment advisers make neutral or unfavourable recommendations as a consequence of the Merger. Dis-synergies may also arise if there is an unfavourable reaction to any branding adopted by the Combined Group or the actual or perceived strategic and business priorities of the Combined Group.

Under any of these circumstances, the business growth opportunities, consolidation benefits, purchasing and distribution benefits and other synergies anticipated by Standard Life and Aberdeen to result from the Merger may not be achieved as expected, or at all, or may be delayed materially. To the extent that the Combined Group incurs higher integration costs or achieves lower synergy benefits than expected, its financial results, financial condition and/or prospects, and the price of Standard Life Shares, may be adversely affected.

**56. *Risk of termination of existing Standard Life Group and Aberdeen Group contracts***

The Standard Life Group and the Aberdeen Group are parties to a number of contracts which are important to the operations of their businesses, including partnership agreements, investment management agreements and outsourcing agreements. Counterparties who are not supportive of the Merger may choose to exercise certain rights in these contracts or which otherwise arise by operation of law (for example, rights to terminate in the event of a change of control or to enforce obligations for the Combined Group relating to exclusivity undertakings in particular businesses or markets), which may result in adverse consequences for the Combined Group.

The Aberdeen Group is party to various agreements with Lloyds Bank plc (“Lloyds”), which may allow Lloyds to exercise termination rights (if applicable) as a consequence of the Merger and/or make certain material unscheduled withdrawals of assets. However, Lloyds has agreed to delay making a decision in relation to the exercise of such termination rights or withdrawals until six months from the date of completion of the Merger. If Lloyds elects to exercise any such applicable termination rights or make such withdrawals, this may have an adverse effect on the financial position of the Combined Group.

**57. *Changes in laws or regulations, or interpretations thereof, may have the effect of increasing costs or imposing new obligations in connection with the Merger.***

It is possible that, in the period between publication of this Prospectus and the completion of the Merger, changes to existing laws or regulations, or to the interpretation thereof, will be made or announced which will have the effect of increasing costs or imposing new obligations in connection with the Merger or any step required or contemplated in relation to the Merger. Such costs or obligations could involve (without limitation) the requirement for further regulatory or competition law filings or clearances, the requirement for tax filings or clearances or the imposition of tax costs arising as a result of the Merger taking place.

**58. *Existing Standard Life Shareholders and former Aberdeen Shareholders will own a smaller percentage of Standard Life, if the Merger completes, than they currently own of Standard Life and Aberdeen, respectively.***

If the Merger completes, the existing Standard Life Shareholders and the former Aberdeen Shareholders will own a smaller percentage of Standard Life than they currently own of Standard Life and Aberdeen, respectively. Existing Standard Life Shareholders and former Aberdeen Shareholders will, if the Merger completes, own approximately 66.7% and 33.3%, respectively of the Standard Life Shares.<sup>4</sup> As a consequence, the number of voting rights that can be exercised and the influence that may be exerted by them in respect of the Combined Group will be reduced.

<sup>4</sup> Please see paragraph 17 of Part XVI (*Additional information*) for details of how these dilution estimates were calculated.

## **PART C     RISKS RELATING TO THE STANDARD LIFE SHARES**

### **59.     *The value of the Standard Life Shares may fluctuate significantly.***

Following completion of the Merger, the Standard Life Shares will continue to be publicly traded and, as a result of a number of factors and events, including, but not limited to, those referred to in this Part, their market price may be volatile. Some of these factors and events, for example, market conditions, geopolitical developments or the action of competitors, will be outside the control of the Combined Group.

The sale of a substantial number of Standard Life Shares in the market after completion of the Merger, or the perception that such sales may occur, could depress the market price of the Standard Life Shares and may make it more difficult for investors to sell their Standard Life Shares at a time and price that they deem appropriate, or at all.

### **60.     *Standard Life's ability to pay dividends in the future is not guaranteed.***

While the Standard Life Directors currently intend to continue to pay dividends to Standard Life Shareholders within the parameters of Standard Life's dividend policy (which could result in Aberdeen Shareholders receiving lower levels of dividend than they have historically received from the Aberdeen Group), the ability of Standard Life to pay any dividends in respect of the Standard Life Shares will depend on the level of profit earned by the Combined Group, any repayment or refinancing of existing debt securities (including coupon payments made in respect of such debt securities) issued by the Standard Life Group, the Aberdeen Group or the Combined Group and the Combined Group continuing to meet its regulatory capital requirements. The ability of the Combined Group to pay dividends in cash or otherwise is also a function of its profitability and the extent to which it has available to it sufficient distributable reserves out of which, as a matter of law, any proposed dividend may be paid. Accordingly, the amount of the dividends paid to Standard Life Shareholders may fluctuate. Any change in the tax or accounting treatment of dividends or investment income received by Standard Life, as the case may be, may also reduce the level of yields received by Standard Life Shareholders. The Standard Life Directors can give no assurances that they will be able to pay a dividend in future.

### **61.     *Holders of Standard Life Shares outside the UK may not be able to exercise pre-emption rights or participate in future equity issues.***

The securities laws of certain jurisdictions outside the UK may restrict the participation by, or Standard Life's ability to allow participation of, certain shareholders in such jurisdictions in any future issues carried out by Standard Life of Standard Life Shares or of other securities. In the case of a future allotment of new Standard Life Shares for cash, the then-existing Standard Life Shareholders have certain statutory pre-emption rights unless those rights are disapplied by a special resolution of the Standard Life Shareholders at a general meeting. An issue of new Standard Life Shares not for cash or when pre-emption rights have been disapplied could dilute the interests of the then-existing Standard Life Shareholders.

### **62.     *U.S. investors may suffer adverse tax consequences if Standard Life is treated as passive foreign investment company (a "PFIC") for U.S. federal income tax purposes.***

Standard Life may be a PFIC for U.S. federal income tax purposes due to the composition of its assets and the nature of its income. If Standard Life is a PFIC, U.S. investors may be subject to significant adverse U.S. federal income tax consequences, including additional taxes and interest charges upon disposition of the Standard Life Shares or upon the receipt of certain distributions. For a further discussion of the PFIC rules, see paragraph 2.1 of Part XIV (*Taxation*).

## **PART III PRESENTATION OF INFORMATION**

### **1. General**

Prospective investors should only rely on the information contained in this Prospectus (for the avoidance of doubt, neither the Announcement, the Circular nor the Scheme Document has been incorporated by reference into this Prospectus). No person has been authorised to give any information or make any representations other than those contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been so authorised by Standard Life, the Standard Life directors, the Standard Life Group, Goldman Sachs International, Fenchurch or any other person involved in the Merger. No representation or warranty, express or implied, is made by Standard Life, the Standard Life directors, the Standard Life Group, Goldman Sachs International, Fenchurch or any other person involved in the Merger as to the accuracy or completeness of such information or representation.

Without prejudice to any legal or regulatory obligation on Standard Life to publish a supplementary prospectus pursuant to section 87G of FSMA and PR 3.4, neither the delivery of this Prospectus nor Admission shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Standard Life Group or the Aberdeen Group taken as a whole since the date of this Prospectus or that the information in it is correct as of any time after the date of this Prospectus. Standard Life will comply with its obligation to publish supplementary prospectuses containing further updated information as required by law or by a regulatory authority and, in particular, its obligations under the Prospectus Rules, the Listing Rules and the Disclosure Guidance and Transparency Rules (as appropriate) but assumes no further obligation to publish additional information.

The contents of this Prospectus or any subsequent communications from Standard Life, the Standard Life Group, Goldman Sachs International or Fenchurch or any of their respective affiliates, officers, directors, employees or agents are not to be construed as legal, financial or tax advice. If you are in any doubt about the contents of this Prospectus or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or independent financial adviser (who is, if you are resident in the UK, duly authorised under FSMA or, if not, from another appropriately authorised independent financial adviser). Each prospective investor should consult with such advisers as needed to make any decision in relation to the Merger and the New Shares and to determine whether it is legally permitted to hold shares under applicable legal investment requirements or similar laws or regulations. Prospective investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

Investing in and holding the New Shares involves financial risk. Prior to investing in the New Shares, investors should carefully consider all of the information contained in this Prospectus, paying particular attention to Part II (*Risk factors*). Investors should consider carefully whether an investment in the New Shares is suitable for them in light of the information contained in this Prospectus and their personal circumstances. Each investor acknowledges that it has not relied on Goldman Sachs International, Fenchurch or any person affiliated with either of them in connection with any investigation of the accuracy of any information contained in this Prospectus or any decision in relation to the Merger and the New Shares. Nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by Goldman Sachs International or Fenchurch as to the past, present or future.

Goldman Sachs International, Fenchurch and their respective affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services to Standard Life, for which they would have received customary fees. Goldman Sachs International, Fenchurch and their respective affiliates may provide such services to Standard Life and any of its affiliates in the future.

## **2. Website and media information**

The contents of Standard Life's website ([www.standardlife.com](http://www.standardlife.com)) and Aberdeen's website ([www.aberdeen-asset.com](http://www.aberdeen-asset.com)), the contents of any website accessible from hyperlinks on such websites or any other website referred to in this Prospectus do not form part of this Prospectus and prospective investors should not rely on them.

Furthermore, Standard Life does not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, or the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding the Merger, the Standard Life Group, the Aberdeen Group and/or the Combined Group. Standard Life, the Standard Life directors, the Standard Life Group, Goldman Sachs International, Fenchurch or other persons involved in the Merger make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

## **3. Forward-looking statements**

This Prospectus (including information incorporated by reference into this Prospectus), oral statements regarding the Merger and other information published by Standard Life and Aberdeen contain certain forward-looking statements with respect to the financial condition, strategies, objectives, financial results and businesses of Standard Life and Aberdeen and their respective groups and certain plans and objectives with respect to the Combined Group.

These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations, assumptions and projections of the management of Standard Life and Aberdeen about future events, and are therefore subject to known and unknown risks and uncertainties which could cause actual results, performance or events to differ materially from the future results, performance or events expressed or implied by the forward-looking statements. The forward-looking statements contained in this Prospectus include statements relating to the expected effects of the Merger on Standard Life and Aberdeen; the expected timing and scope of the Merger; the potential exposure of the Standard Life Group, the Aberdeen Group and the Combined Group to market risks; statements as to accretion; statements expressing management's expectations, beliefs, estimates, forecasts, projections and assumptions, including as to future potential cost savings, synergies, earnings, return on average capital employed, production and prospects; and other statements other than historical facts. Forward-looking statements often use words such as "anticipate", "target", "expect", "estimate", "project", "intend", "plan", "goal", "believe", "hope", "aims", "risks", "probably", "continue", "will", "may", "should", "would", "could", "seek", "objectives", "outlook" or other words of similar meaning.

Forward-looking statements are based on assumptions and assessments made by Standard Life, and/or Aberdeen in light of their experience and their perception of historical trends, current conditions, future developments and other factors they believe appropriate. By their nature, forward-looking statements involve risk and uncertainty, because they relate to events and depend on circumstances that will occur in the future and the factors described in the context of such forward-looking statements in this Prospectus could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements. Although it is believed that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct and readers are therefore cautioned not to place undue reliance on these forward-looking statements.

There are several factors that could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among the factors that could cause actual results to differ

materially from those described in the forward-looking statements are changes in the global, political, economic, business, competitive, market and regulatory forces, and more specifically: future exchange and interest rates and the performance of financial markets generally; the policies and actions of regulatory authorities; the impact of competition, inflation and deflation; experience in particular with regards to mortality and morbidity trends, lapse rates and policy renewal rates; the impact of changes in capital, solvency or accounting standards; changes in tax rates; the timing, impact and other uncertainties of future business combinations or dispositions within relevant industries; and other legislation and regulations in the jurisdictions in which the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group and their respective affiliates do or will operate.

For a discussion of important factors which could cause actual results to differ from forward-looking statements in relation to the Standard Life Group or the Aberdeen Group, refer to the Aberdeen 2016 Annual Report and to the Standard Life 2016 Annual Report which are incorporated by reference into this Prospectus as set out in paragraph 19 of Part XVI (*Additional information*) and available for inspection as set out in paragraph 18 of Part XVI (*Additional information*).

All forward-looking statements contained in this Prospectus are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Readers should not place undue reliance on forward-looking statements. Readers should specifically consider the factors identified in this Prospectus that could cause actual results to differ before taking any action in respect of the Merger. Specific reference is made to Part I (*Summary*), Part II (*Risk factors*), Part VI (*Information about the Merger*), Part VII (*Information about the Standard Life Group*) and Part VIII (*Information about the Aberdeen Group*).

Each forward-looking statement speaks only as at the date of this Prospectus. Neither Standard Life nor Aberdeen, nor their respective groups assumes any obligation to update or correct the information contained in this Prospectus (whether as a result of new information, future events or otherwise), except as required by applicable law. In particular, Standard Life will comply with its obligation to publish supplementary prospectuses containing further updated information as required by law or by a regulatory authority and, in particular, its obligations under the Prospectus Rules, the Listing Rules and the Disclosure Guidance and Transparency Rules (as appropriate). In light of these risks, results could differ materially from those stated, implied or inferred from the forward-looking statements contained in this Prospectus.

The statements above relating to forward-looking statements should not be construed as a qualification on the opinion as to working capital set out in paragraph 12 of Part XVI (*Additional information*).

#### **4. No forecasts or estimates**

No statement in this Prospectus (including any statement of estimated synergies) is intended as a profit forecast or estimate for any period. Accretion statements or statements as to the effect of the Merger should not be construed as profit forecasts and are, therefore, not subject to the requirements of Rule 28 of the City Code.

No statement in this Prospectus should be interpreted to mean that earnings or earnings per share or dividend per share or cash flow from operations or free cash flow for the Standard Life Group, the Aberdeen Group or, if the Merger completes, the Combined Group, as appropriate, for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share or dividend per share or cash flow from operations or free cash flow for Standard Life, Aberdeen or the Combined Group, as appropriate.

## **5. Historical financial information relating to the Standard Life Group and the Aberdeen Group**

All financial information relating to the Standard Life Group contained in this Prospectus, unless otherwise stated, has been extracted or derived, without material adjustment, from the Standard Life 2016 Annual Report, Standard Life 2015 Annual Report and Standard Life 2014 Annual Report. The financial information relating to the Aberdeen Group contained in this Prospectus, unless otherwise stated, has been extracted or derived, without material adjustment, from the Aberdeen 2016 Annual Report, Aberdeen 2015 Annual Report and Aberdeen 2014 Annual Report.

Financial information relating to the Aberdeen Group contained in this Prospectus and relating to the six-month periods ended 31 March 2017 and 31 March 2016, unless otherwise stated, has been extracted or derived, without material adjustment, from the Aberdeen 2017 Interim Results and Aberdeen 2016 Interim Results, respectively.

## **6. Pro forma financial information relating to the Combined Group**

In this Prospectus, any reference to *pro forma* financial information is to information which has been extracted without material adjustment from the unaudited *pro forma* financial information contained in Part XII (*Unaudited pro forma financial information*). The unaudited *pro forma* information consists of a *pro forma* income statement for the financial year ended 31 December 2016 and net assets statement as at 31 December 2016 relating to the Combined Group. These have been prepared in accordance with Annex II to the PD Regulation and in a manner consistent with the accounting policies and presentation adopted by the Standard Life Group in the Standard Life 2016 Annual Report.

The unaudited *pro forma* financial information has been prepared for illustrative purposes only to illustrate the effect on the Standard Life Group's income statement and net asset statement of its acquisition of the Aberdeen Group as if it had taken place on 1 January 2016, in the case of the income statement, and on 31 December 2016, in the case of the net assets statement. Due to its nature, the unaudited *pro forma* income statement and net assets statement address a hypothetical situation. They do not represent the Standard Life Group's actual financial position or results, or what the Combined Group's actual financial position or results would have been if the Merger had been completed on the dates indicated.

## **7. Other information relating to the Aberdeen Group**

This Prospectus contains information regarding the Aberdeen Group which has been incorporated by reference or accurately reproduced from the information provided to Standard Life by Aberdeen for inclusion in this Prospectus or the Circular, the Aberdeen 2016 Annual Report, the Aberdeen 2015 Annual Report and the Aberdeen 2014 Annual Report. As far as Standard Life is aware and is able to ascertain from information published by Aberdeen or otherwise, provided to Standard Life by Aberdeen, no facts have been omitted that would render the reproduced information inaccurate or misleading.

## **8. Synergies**

The synergy numbers are unaudited and are based on analysis by Standard Life's management and on Standard Life's and Aberdeen's internal records. Further information underlying the Quantified Financial Benefits Statement is contained in paragraph 5 of Part VI (*Information about the Merger*) and paragraph 14 of Part XVI (*Additional information*).

## **9. Sources and bases**

Information on sources and bases is provided in paragraph 17 of Part XVI (*Additional information*).

## **10. Defined terms**

The meanings of defined terms used in this Prospectus are set out in Part XVII (*Definitions*).

**PART IV**  
**DIRECTORS, COMPANY SECRETARY, REGISTERED AND HEAD OFFICES AND ADVISERS**

**Standard Life Directors**

Sir Gerry Grimstone (Chairman)  
Kevin Parry (Senior Independent Director)  
Keith Skeoch (Chief Executive Officer)\*  
Colin Clark (Global Client Director)\*  
Barry O'Dwyer (Chief Executive Officer, Pensions and Savings)\*  
Luke Savage (Chief Financial Officer)\*  
Pierre Danon (Non-Executive Director)  
John Devine (Non-Executive Director)  
Melanie Gee (Non-Executive Director)  
Noel Harwerth (Non-Executive Director)  
Lynne Peacock (Non-Executive Director)  
Martin Pike (Non-Executive Director)  
\*denotes Executive Director

**Directors of the Board of  
the Combined Group**

Sir Gerry Grimstone (Chairman)  
Simon Troughton (Deputy Chairman)  
Kevin Parry (Senior Independent Director)  
Keith Skeoch (Co-Chief Executive Officer)\*  
Martin Gilbert (Co-Chief Executive Officer)\*  
Bill Rattray (Chief Financial Officer)\*  
Rod Paris (Chief Investment Officer)\*  
Akira Suzuki (Non-Executive Director)  
Gerhard Fusenig (Non-Executive Director)  
John Devine (Non-Executive Director)  
Julie Chakraverty (Non-Executive Director)  
Jutta af Rosenberg (Non-Executive Director)  
Lynne Peacock (Non-Executive Director)  
Martin Pike (Non-Executive Director)  
Melanie Gee (Non-Executive Director)  
Richard Mully (Non-Executive Director)  
\*denotes Executive Director

The business address of each of the Standard Life Directors and the Standard Life Senior Manager is at Standard Life House, 30 Lothian Road, Edinburgh EH1 2DH, Scotland

<b>Company Secretary</b>	Kenneth Gilmour
<b>Registered office</b>	Standard Life House 30 Lothian Road Edinburgh EH1 2DH Scotland
<b>Head office</b>	Standard Life House 30 Lothian Road Edinburgh EH1 2DH Scotland
<b>Sponsor, lead financial adviser and corporate broker</b>	Goldman Sachs International Peterborough Court 133 Fleet Street London EC4A 2BB
<b>Financial adviser</b>	Fenchurch Advisory Partners LLP Tower 42 25 Old Broad Street London EC2N 1HQ
<b>Legal adviser</b>	Slaughter and May One Bunhill Row London United Kingdom EC1Y 8YY
<b>Reporting accountants</b>	PricewaterhouseCoopers LLP 1 Embankment Place London United Kingdom WC2N 6RH
<b>Auditors<sup>5</sup></b>	PricewaterhouseCoopers LLP Atria One 144 Morrison Street Edinburgh EH3 8EX
<b>Registrar</b>	Capita Registrars Limited, The Registry 34, Beckenham Road Beckenham Kent BR3 4TU

---

<sup>5</sup> Following the conclusion of Standard Life's audit tender process in H1 2016, resolutions proposing the appointment of KPMG LLP as auditors of the Company and giving authority to the Audit Committee to determine their remuneration will be submitted at the AGM to be held on 16 May 2017. PwC is not seeking reappointment.

**PART V**  
**EXPECTED TIMETABLE OF PRINCIPAL EVENTS AND INDICATIVE STATISTICS**

**PART A**  
**EXPECTED TIMETABLE OF PRINCIPAL EVENTS**

<b>PRINCIPAL EVENTS</b>	<b>TIME AND/OR DATE<sup>(1)</sup></b>
Publication of this Prospectus, the Circular and the Scheme Document	9 May 2017
Latest time for receipt of forms of proxy for the Standard Life General Meeting	6.00 p.m. on 15 June 2017
Voting record time for the Standard Life General Meeting	6.00 p.m. on 15 June 2017 <sup>(2)</sup>
Voting record time for the Aberdeen Meetings	6.30 p.m. 15 June 2017 <sup>(3)</sup>
Latest time for receipt of forms of proxy for the Aberdeen Court Meeting	1.00 p.m. on 16 June 2017 <sup>(4)</sup>
Latest time for receipt of forms of proxy for the Aberdeen General Meeting	1.05 p.m. on 16 June 2017
<b>Aberdeen Court Meeting</b>	1.00 p.m. on 19 June 2017
<b>Aberdeen General Meeting</b>	1.05 p.m. on 19 June 2017 <sup>(5)</sup>
<b>Standard Life General Meeting</b>	2.00 p.m. on 19 June 2017
<b>Aberdeen Court Hearing</b>	11 August 2017 <sup>(6)</sup>
Last day for dealings in, and for registration of transfers of, and disablement in CREST of, Aberdeen Shares	11 August 2017 <sup>(7)</sup>
Suspension of listing of, and dealings in, Aberdeen Shares	5.00 p.m. on 11 August 2017 <sup>(6)</sup>
Scheme Record Time	6.00 p.m. on 11 August 2017 <sup>(6)</sup>
<b>Effective Date</b>	14 August 2017 <sup>(6)</sup>
Admission and commencement of dealings in New Shares on the London Stock Exchange	By 8.00 a.m. on 14 August 2017 <sup>(6)</sup>
New Shares issued and credited to CREST accounts	as soon as possible after 8.00 a.m. on 14 August 2017 <sup>(6)</sup>
Delisting of Aberdeen Shares	14 August 2017 <sup>(6)</sup>

Latest date for (a) CREST accounts to be credited in respect of New Shares and assured payment obligations in respect of any cash due and (b) dispatch of share certificates in respect of the New Shares and cheques in respect of fractional entitlements to New Shares (where applicable) within 14 days of the Effective Date<sup>(6)</sup>

Long Stop Date 31 December 2017<sup>(7)</sup>

#### Notes

- (1) **The dates and times given are indicative only and are based on current expectations and may be subject to change (including as a result of changes to the timetable for fulfilment of regulatory and merger clearance approvals).** References to times are to UK times unless otherwise stated. If any of the times and/or dates above change, the revised times and/or dates will be announced via a Regulatory Information Service.
- (2) To be entitled to attend and vote at the Standard Life General Meeting (and for the purpose of determination by Standard Life of the votes they may cast), Standard Life Shareholders who have a certificate for their shares or hold them through CREST must be on Standard Life's register at 6.00 p.m. (UK time) on 15 June 2017 or, if the Standard Life General Meeting is adjourned, at the time which is 48 hours before the time of the adjourned meeting. For persons who hold their shares in the Standard Life Share Account, to be entitled to attend in person you must be registered as a member of the Standard Life Share Account and return your Voting Form with your own name in the nominated proxy box by no later than 6.00 p.m. (UK time) on 15 June 2017 or, if the Standard Life General Meeting is adjourned, at the time which is 48 hours before the time of the adjourned meeting. Changes to Standard Life's register or the register for the Standard Life Share Account after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Standard Life General Meeting.
- (3) Only those Aberdeen Shareholders registered on the register of members of Aberdeen, and those persons participating in an Aberdeen Share Scheme which results in them being eligible to vote at the Aberdeen Meetings, as at 6:30 p.m. on 15 June 2017 (or in the case of a postponement or adjournment of the Aberdeen Meetings, as at 6:30 p.m. on the day which is two days (excluding non-Business Days) prior to the time set for the postponed or adjourned Aberdeen Meetings) will be entitled to vote at the Aberdeen Meetings.
- (4) The BLUE form of proxy for the Aberdeen Court Meeting, if not lodged by the time stated above, may be handed to a representative of Aberdeen's Registrar or the Chairman of the Aberdeen Court Meeting. However, in order to be valid, the WHITE form of proxy must be received by Aberdeen's Registrar no later than 1.00 p.m. on 16 June 2017 (or, if the Aberdeen General Meeting is adjourned, 24 hours (excluding non-Business Days) before the time fixed for the Aberdeen General Meeting).
- (5) To commence at the time fixed or, if later, immediately after the conclusion or adjournment of the Court Meeting.
- (6) These times and dates are indicative only and will depend on, among other things, the dates upon which (i) the Conditions are satisfied or (where applicable) waived; (ii) the Court sanctions the Scheme and (iii) a copy of the Aberdeen Court Order is delivered to the Registrar of Companies.
- (7) This is the latest date by which the Scheme may become effective unless Standard Life and Aberdeen agree, and (if required) the Court and the Panel allow, a later date.

**PART B**  
**INDICATIVE STATISTICS**

***Indicative statistics***<sup>6</sup>

Number of Existing Standard Life Shares in issue as at the Latest Practicable Date (with no Existing Standard Life Shares held in treasury)	1,979,413,496
Number of New Shares to be issued in connection with the Merger	up to 999,848,295
Number of Standard Life Shares in issue immediately following Admission (with no Standard Life Shares held in treasury)	up to 2,979,261,791
New Shares as a percentage of the Standard Life Shares in issue immediately following Admission (with no Standard Life Shares held in treasury)	approximately 33.3% <sup>7</sup>

***Share identification numbers***

	<b>Standard Life Shares</b>
<b>ISIN</b>	GB00Bbfd7Q58
<b>SEDOL</b>	Bbfd7Q5

---

<sup>6</sup> Please see paragraph 17 of Part XVI (*Additional information*) for details of how these statistics are calculated.

<sup>7</sup> The calculation of the New Share as a percentage of the Standard Life Share is based on diluted share capital.

## **PART VI INFORMATION ABOUT THE MERGER**

### **1. INTRODUCTION**

On 6 March 2017, the Standard Life Board and the Aberdeen Board jointly announced that they had reached agreement on the terms of a recommended all-share merger of Standard Life and Aberdeen.

Under the terms of the Merger, Aberdeen Shareholders who are the holders of the Scheme Shares at the Scheme Record Time will be entitled to receive:

#### **0.757 of a New Share in exchange for each Aberdeen Share**

It is intended that the Merger will be implemented by means of a court-sanctioned scheme of arrangement of Aberdeen under Part 26 of the CA 2006.

The Scheme is subject to a number of Conditions summarised in Section E.3 of Part I (*Summary*). The full terms and conditions of the Scheme are set out in the Scheme Document.

Subject to the satisfaction or, where applicable, waiver of the Conditions (other than those Conditions which relate to Admission), it is expected that the Scheme will become effective on or around 14 August 2017, with the New Shares expected to be admitted to listing on the premium listing segment of the Official List and to trading on the main market for listed securities of the LSE by 8.00 a.m. on 14 August 2017.

### **2. STANDARD LIFE SHAREHOLDER APPROVAL OF THE MERGER**

As a result of its size, the Merger constitutes a Class 1 transaction for Standard Life for the purposes of the Listing Rules. Accordingly, Standard Life will be required to seek the approval of the Standard Life Shareholders for the Merger at the Standard Life General Meeting which has been convened for 2.00 p.m. on 19 June 2017 at the Assembly Rooms, 54 George Street, Edinburgh, EH2 2LR. Standard Life Shareholders will be asked to vote in favour of the Standard Life Merger Resolution, to approve the Merger and the issue and allotment of the New Shares.

The Standard Life Board considers the Merger and the Standard Life Resolutions to be in the best interests of Standard Life and the Standard Life Shareholders as a whole and unanimously recommends that Standard Life Shareholders vote in favour of the Standard Life Resolutions to be proposed at the Standard Life General Meeting which will be convened in connection with the Merger, as they have irrevocably undertaken to do, or procure to be done, in respect of their own beneficial holdings of 3,801,339 Standard Life Shares representing, in aggregate, approximately 0.2% of Standard Life's ordinary share capital as at the Latest Practicable Date. The Merger has also been unanimously recommended by the Aberdeen Recommending Directors, with the Aberdeen Recommending Directors who hold Aberdeen Shares having irrevocably undertaken to vote in favour of the Scheme in respect of their own beneficial holdings of 2,315,275 Aberdeen Shares in aggregate and representing approximately 0.2% of Aberdeen's issued ordinary share capital, and their recommendation and the background and reasons for it are set out in full in the Scheme Document.

### 3. SUMMARY OF THE TERMS OF THE MERGER

Under the terms of the Merger, Aberdeen Shareholders who are holders of the Scheme Shares at the Scheme Record Time will be entitled to receive:

#### **0.757 of a New Share in exchange for each Aberdeen Share**

Based on the Exchange Ratio and the Closing Price of 379.1 pence per Standard Life Share on the Latest Practicable Date, the terms of the Merger values each Aberdeen Share at 287.0 pence and Aberdeen's existing issued ordinary share capital at approximately £3.8 billion.

Based on the Closing Price of 378.5 pence per Standard Life Share on 3 March 2017 (being the last Business Day before the date of the Announcement), the terms of the Merger values each Aberdeen Share at 286.5 pence.

Following completion of the Merger, Aberdeen Shareholders would own approximately 33.3% and Standard Life Shareholders would own approximately 66.7% of the Combined Group on a diluted basis. Please see paragraph 17 of Part XVI (*Additional information*) for details of how the dilution statistics are calculated.

The structure of the Scheme and the Conditions relating to the Merger are summarised at Section E.3 of Part I (*Summary*).

Further details of the Consideration are provided at paragraphs 15 and 16 of this Part VI (*Information about the Merger*).

### 4. BACKGROUND TO AND REASONS FOR THE MERGER

In recent times, a number of thematic drivers have begun to emerge in Standard Life and Aberdeen's markets which are shaping behaviour and driving change within the industry. These trends can be grouped into four major categories: the democratisation of financial risk, with customers and clients having to take more responsibility for their financial future; the need to rebuild trust in financial services through demonstrating transparency and offering clear value; the need to continue to innovate, adapt to technological change and embrace digitalisation; and a continuation of the slow growth, low inflation, compressed return environment.

Standard Life's strategy of becoming a world class investment company and its simple and consistent business model is centred around building on the opportunities created by these major trends. It is against this backdrop that the Standard Life Directors considered the Merger with Aberdeen. For the reasons described below, the Standard Life Directors unanimously decided and continue unanimously to believe that the implementation of this strategy, and as a result the value delivered to Standard Life and Aberdeen Shareholders, will be significantly enhanced by the Merger.

***The Merger brings together two highly complementary businesses with market-leading investment capabilities, to deliver improved choice and service to clients.***

The Merger will create a highly diversified, active-focused investment manager with complementary investment skills and capabilities across all major asset classes. Together, the Combined Group will benefit from strengths in developed and emerging markets equities and fixed income, as well as in multi-asset, real estate and alternatives, with deep levels of expertise across a wide range of investment strategies, helping create a world class investment company.

Within each of the asset classes, there is a low level of product overlap, allowing clients of the Combined Group access to a broader range of investment capabilities and ultimately greater choice. The complementary nature of the offering, and enhancement of the combined investment capabilities resulting from the Merger, is also evidenced by the low level of overlap across funds rated by consultants and in respect of over 100 funds with Morningstar ratings of four and five stars which the Combined Group will manage.

***The Merger reinforces both Standard Life's and Aberdeen's long-standing commitment to active investment management.***

Both Standard Life and Aberdeen have a long-standing commitment to active investment management, with similar investment philosophies that are underpinned by fundamental research. The Standard Life Board and the Aberdeen Recommending Directors believe this commonality of investment approach to be a significant advantage in driving growth opportunities and potential revenue synergies for the Combined Group.

***The Merger establishes one of the largest and most sophisticated investment solutions offerings globally, allowing the Combined Group to better meet demand for next generation investment solutions.***

As a result of the Merger, the Combined Group will be better positioned to meet the evolving needs of clients through the provision of highly customised and increasingly sophisticated investment products. The enlarged scale of the business will support the development of new and innovative capabilities.

These capabilities will be particularly relevant to insurance clients, with the global market for outsourced management of insurance assets forecast to grow by US\$750 billion<sup>7</sup> between 2015 and 2020. Both Standard Life and Aberdeen are already major players in this segment and the Merger will enhance the Combined Group's ability to capture growth in this market.

Additionally, as individuals across the globe are increasingly forced to take responsibility for their own financial futures, the Combined Group's pension and savings capabilities will allow us to design innovative solutions that help meet these needs. This includes the opportunity presented by the shift from defined benefit to defined contribution pension provision where the Combined Group will have the scale as well as breadth of capabilities to create savings and retirement solutions that meet specific client outcomes and which have global appeal. These capabilities can be evidenced by the success of Standard Life's "MyFolio" range of risk-based funds launched initially for pension and savings customers in the UK, but which are now also available in Germany. And Aberdeen's active client capability which offers the possibility of achieving numerous investment outcomes in a cost efficient manner.

***The Merger creates an investment group with strong brands and a leading global distribution platform, enhancing proximity to clients.***

With the expanded set of investment capabilities resulting from the Merger, the combined strength of both companies' existing brands, and the combined global distribution platform, there are expected to be meaningful opportunities to deepen client relationships and grow assets.

The Combined Group will operate multiple distribution platforms, delivering greater diversification by channel and geography through 50 dedicated locations. In the UK, the Combined Group will have enhanced positions in the key growth channels of institutional and wholesale asset management, as well as workplace and retail savings. Globally, it will benefit from Aberdeen's investment in local distribution throughout Asia and the US, delivering strong institutional and wholesale relationships, while both companies bring a number of long-standing strategic distribution relationships with leading financial institutions around the world. Collectively, this enhanced strength in distribution is expected to lead to deeper relationships with existing clients and significant scope to drive revenue enhancement.

---

<sup>7</sup> Source: CaseyQuirk by Deloitte, November 2015.

***The Merger creates one of the largest active investment managers globally, delivering the scale to invest, drive efficiency and attract talent.***

With £670 billion of combined assets under administration as at 31 March 2017, the Combined Group will rank as the UK's largest active asset manager and the second largest in Europe. This increased scale provides greater diversification in gross and net flows, improved overall operational efficiency, and an enhanced capacity to operate across the globe. It will facilitate additional investment for growth in areas of global client demand such as solutions, active equity and fixed income specialities, alternatives and active quant. The Combined Group will also leverage its resources to drive greater operational efficiency in technology, distribution and operating and risk management systems, while its global scale will ensure it is able to attract leading talent from across the world.

***The Merger leverages the combined strengths of Standard Life and Aberdeen to deliver an improved investment offering to their respective pension and savings customers.***

Coupling the breadth of investment solutions provided by Standard Life Investments and Aberdeen with Standard Life's leading positions in the growing UK advised platform market will benefit the customers, employers and financial advisers that it will serve. In addition, Standard Life's leading position in workplace pensions has historically benefited Standard Life's ability to attract new assets from a broad range of customers and clients as can be seen from the consistent flows in recent quarters. The businesses should continue to benefit from this important distribution capability.

***Through improved diversification, the Merger is expected to deliver attractive returns and a sustainable, progressive dividend for shareholders.***

The Combined Group will deliver a more diversified business by assets under management and revenues, across clients, distribution channels, investment strategies and asset classes. This diversification should result in greater resilience in revenues and earnings. Furthermore, the Combined Group is expected to have an attractive cash flow profile, which together with a strong balance sheet, is expected to support strong shareholder returns, including through the continuation of Standard Life's progressive dividend policy.

***The Merger is expected to result in material earnings accretion for both sets of shareholders, reflecting the significant synergy potential of a combination and the revenue enhancement and structural growth opportunities for the Combined Group.***

The Standard Life Directors expect the transaction to generate material value for both sets of shareholders. It is expected that recurring full run-rate cost synergies of approximately £200 million per annum will be achieved by the end of the third year following completion of the Merger. As described above, the Combined Group will benefit from enhanced scale and diversification in its core markets, allowing it to better capitalise on the revenue enhancement opportunities which are present in these areas. Of these approximately £200 million of annual savings identified, it is expected that 75% will be achieved by the end of the second year following completion. The Standard Life Directors therefore expect the Merger to deliver material and sustainable earnings accretion for both sets of shareholders.

## 5. STRATEGIC POSITIONING OF THE COMBINED GROUP

The Combined Group is expected to pursue a strategy focused around accelerating its position as a world class investment company and maximising shareholder value through capitalising on the structural growth opportunities present in the savings and investment markets in which it operates. The anticipated structure reflects these objectives, with each of the main businesses contributing to the strategic positioning of the Combined Group:

**Investment management:** the Combined Group's investment management businesses Aberdeen and Standard Life Investments, will specialise in active, fundamentals-driven, investment management, operating globally and offering a wide range of investment solutions and funds. The Combined Group's investment funds and solutions will be available to clients through both institutional and wholesale distribution channels, and to insurance clients through active asset management services for life insurance clients around the world.

**Pensions and Savings:** the Combined Group will be a leading provider of long-term savings and investment propositions, operating in the UK, Ireland and Germany. In the UK, Standard Life's workplace channel offers pensions, savings and flexible benefits schemes to employees through their employers. Standard Life's retail channel is a mix of intermediary relationships (financial advisers), direct customer relationships and its financial planning business (1825). Standard Life's valuable mature book comprises fee-based products such as pensions and with-profits as well as products, such as annuities, for long-standing customers.

**International businesses:** in India, China and Hong Kong, where the Combined Group will have extensive reach in a number of key savings markets.

In India, the Combined Group could have access to over 25 million customers across its associate businesses. The Indian mutual fund market offers long-term growth potential substantially above the global average for fund managers, and the proposed merger between HDFC Life and Max Life will give the Combined Group a significant holding in what will be the largest private insurance company in India by individual premium market share. Additionally, through its investment in HDFC Asset Management, one of India's largest and most profitable asset managers, the Combined Group will be attractively positioned in the Indian asset management sector where the growth potential is also significant.

Standard Life's Chinese joint venture Heng An Standard Life will position the Combined Group to take advantage of the expected growth potential for savings and investment products in the attractive international markets of China and Hong Kong.

**Strategic relationships:** the Combined Group will also benefit from strategic relationships with a number of leading global organisations, including:

- Lloyds Banking Group, a major retail and commercial banking group in the UK, through an ongoing strategic relationship with Aberdeen. The Combined Group looks forward to working with Lloyds to explore ways to build on Aberdeen's existing partnership.
- Mitsubishi UFJ Trust and Banking Corporation, one of the largest retail and commercial banking groups in Japan, through an ongoing strategic relationship with Aberdeen. Japan is one of the largest retirement markets in the world with a strong and growing defined contribution market. The Combined Group looks forward to working with Mitsubishi to explore ways to deliver expanded client solutions into this important market.

- Phoenix Group, one of the largest closed life insurance consolidators in the UK, through an ongoing strategic relationship with Standard Life. The Combined Group will continue to manage a significant proportion of Phoenix's assets and will investigate ways to deepen this relationship going forward.
- John Hancock in the United States, Manulife in Canada and in Asia, Bosera Asset Management in China, Sumitomo Mitsui in Japan, and Challenger in Australia, all through successful ongoing strategic relationships with Standard Life. Across all of these relationships, Standard Life anticipates exploring further opportunities to deploy the enhanced product capabilities created as a result of the Merger.

More generally, the Standard Life Directors will continue to evaluate the shape and composition of the Combined Group's businesses, including its insurance books, in a way that maximises strategic optionality and shareholder value.

## **6. VALUE CREATION POTENTIAL OF THE MERGER**

Standard Life believes that the Merger has the potential to deliver material value creation for both sets of shareholders, arising through the enhanced competitive positioning of the Combined Group and through the opportunity for synergies to be achieved in a number of areas. The Standard Life Directors expect recurring pre-tax cost synergies of approximately £200million per annum by the end of the third year following completion of the Merger, with additional upside potential through a number of revenue growth opportunities.

### ***Cost synergies***

The expected pre-tax cost synergies referred to above and further described below have been prepared in accordance with the City Code and standard market practices. This involved the respective management teams of Standard Life and Aberdeen developing a detailed joint synergy and integration plan, which enabled them to calculate a per annum pre-tax cost synergy estimate. Contingency percentages were then applied to management's gross targeted synergies to arrive at the published figure for cost synergies stated above. As evidenced by the synergies arising following the acquisition of Scottish Widows Investment Partnership Limited by Aberdeen in April 2014 and Ignis by Standard Life in July 2014, the proposed management team of the Combined Group has previously achieved cost synergies in excess of published estimates.

The constituent elements of the quantified cost synergies, which are expected to originate from the cost bases of both Standard Life and Aberdeen, include:

- Efficiencies from simplifying and harmonising platforms (approximately 31% of the identified synergies). Savings are envisaged from consolidating the operating, trading and other platforms used by both organisations as well as through a reduction in the number of third party service providers.
- Eliminating overlap in distribution (approximately 16% of the identified synergies). Savings are expected in Standard Life's and Aberdeen's complementary distribution networks by consolidating operations where Standard Life and Aberdeen both operate in close geographic proximity.
- Rationalisation of central functions across the Combined Group (approximately 12% of the identified synergies). It is anticipated that central functions will be merged and Standard Life Directors believe that the scalability of these will allow for substantial savings.

- Further savings will come from rationalising the premises portfolio and related property management fees, reduced travel costs and reductions in legal, professional and consultancy fees as well as other sources such as removing areas of duplication in investment management capability while retaining the best of both franchises and talent.

The Standard Life Directors expect that 75% of the annual pre-tax cost synergies will be achieved by the end of the second year after completion, with the full annual pre-tax cost synergies of approximately £200 million being achieved by the end of the third year following completion.

It is envisaged that the realisation of the quantified cost synergies will result in one-off integration cash costs of approximately £320 million in aggregate.

### ***Revenue enhancement opportunities***

In addition to the quantified cost synergies, the Standard Life Directors believe that deeper client relationships will potentially be achieved and significant further value can be created as a result of revenue enhancement opportunities arising from the Merger. The Standard Life Directors expect potential revenue growth opportunities as a result of highly complementary investment capabilities, client footprints and distribution relationships.

The constituent elements of the revenue enhancement opportunities, which are expected to arise from the Combined Group, include:

- Complementary customer franchises and investment capabilities giving rise to broader selling opportunities for the Combined Group.
- AuM and revenue growth opportunities through specifically leveraging complementary investment capabilities. This could include, for example, Standard Life's capabilities in multi-asset and risk managed return products being deployed into Aberdeen's institutional client base; or Aberdeen's capabilities across various product categories (in particular emerging market equities, Asia-Pacific equities and in quantitative strategies) being deployed into Standard Life's retail and workplace growth channels.
- Opportunities arising through enhanced access to a number of global markets with structural growth potential, including in India, China, Hong Kong, Latin America and the Middle East. This is in addition to the Combined Group's positions in Japan and in the US, two of the world's largest retirement markets.
- Revenue opportunities arising as a result of the deeper pool of investment componentry created as a result of the Merger, which will allow the development of innovative investment solutions for the Combined Group's strategic partners.

### ***Further synergy potential***

In addition to the cost savings and potential revenue growth opportunities, the Standard Life Directors expect that potential capital synergies may be realised over time, arising from a reduction in the capital requirements through legal entity simplification in the merged asset management businesses. The Standard Life Directors anticipate economies of scale and de-duplication benefits, for example, in investment in new technology.

Based on the analysis to date and aside from the one-off integration cash costs referred to above, the Standard Life Directors do not expect material dis-synergies to arise in connection with the Merger.

The quantified cost synergies are contingent on completion of the Merger and the Standard Life Directors believe that these financial benefits will accrue as a direct result of the Merger and could not be achieved independently.

The quantified estimated cost synergies referred to above are set out in more detail in paragraph 14 of Part XVI (*Additional information*) which is substantially in the form of Part A of Appendix 4 to the Announcement, which was reported on under the City Code by PwC and by Standard Life's lead financial adviser, Goldman Sachs International. The Standard Life Directors confirm that there have been no material changes since the Announcement to these reported synergies, which remain subject to the bases of belief, principal assumptions and sources of information set out in paragraph 14 of Part XVI (*Additional information*).

## **7. INTEGRATION PLANNING**

The Standard Life Board and the Aberdeen Board have mobilised a joint Integration Management Office (the "IMO") and, subject to applicable anti-trust and merger control laws and regulations, commenced detailed integration planning. The IMO is jointly overseen by Andrew Laing, Deputy Chief Executive Officer of Aberdeen, and Colin Walklin, Chief Operating Officer of Standard Life, and will report to the Standard Life Chairman's Committee and the Executive Committee post-completion.

Following completion of the Merger, the IMO will be tasked with ensuring that the identified synergies of the Merger are properly monitored, reported and fully realised as planned. The Standard Life Directors believe that the integration of the Aberdeen Group can be achieved without undue disruption to the business of the Combined Group.

The development of the integration blueprint, which will set out the key integration steps and the end state operating model for the Combined Group is based on several overarching integration principles. In particular, the Combined Group will:

- Safeguard clients' interests and minimise disruption during the integration process.
- Focus on retaining key talent and ensuring value is not diminished as a consequence of the merger.
- Operate as a global unified investment management entity with regional hubs in Asia and the United States.
- Develop an integration model that will take into account the future growth and planned capability required to build a leading global active investment manager.
- Take on the best from both organisations in developing new practices for the Combined Group.

These statements, and other similar statements of estimated cost savings and other synergies relate to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. As a result, the cost savings and synergies referred to may not be achieved, may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated. These statements are not intended as a profit forecast and should not be interpreted as such.

Standard Life and Aberdeen will continue to work on the integration plans and are constantly assessing the potential for efficiency improvements.

## **8. MANAGEMENT, EMPLOYEES AND GOVERNANCE**

Under the terms of the Merger, Sir Gerry Grimstone will become chairman of the Board of the Combined Group and Aberdeen's chairman, Simon Troughton, will become deputy chairman. Standard Life's Chief Executive Officer ("CEO"), Keith Skeoch, and Aberdeen's CEO, Martin Gilbert, will become co-CEOs of the Combined Group. In addition, Aberdeen's Chief Financial Officer ("CFO"), Bill Rattray, and Standard Life Investments Limited's Chief Investment Officer ("CIO"), Rod Paris, will become CFO and CIO of the Combined Group, respectively.

It has been agreed that the Board of the Combined Group will comprise equal numbers of Standard Life Directors and Aberdeen Directors (the detail of which is set out in paragraph 1 of Part XV (*Directors, Proposed Directors, Senior Management and Corporate Governance*)). The Board of the Combined Group will continue to ensure that they maintain the highest standards of governance and oversight as they implement their expanded strategic objectives, and, as a minimum, the governance frameworks and protocols that Standard Life employs today will be implemented in the Combined Group.

The composition of the Executive Committee the Asset Management Committee and the Pensions and Savings Committee of the Combined Group has been settled. The Executive Committee and the Asset Management Committee have been drawn from both companies and the co-CEOs have determined their split of responsibilities. Further information on these proposed committees is set out in paragraph 3 of Part XV (*Directors, Proposed Directors, Senior Management and Corporate Governance*).

Since the announcement of the Merger, the co-CEOs have fostered a close and mutually reinforcing working relationship and will continue to work well together, with their complementary skill-sets benefiting all shareholders of the Combined Group. Keith Skeoch will have individual accountability for the day-to-day running of the fabric of the combined business, including responsibility for Investments, Pensions and Savings, the India and China insurance joint ventures, Operations, Finance, HR, Risk and Regulatory Culture, as well as the Legal and Secretariat functions. Martin Gilbert will have individual accountability for external matters, including responsibility for International Activities, Distribution including client engagement and business development, Marketing and Corporate Development. They will have joint accountability for Communications and the post-merger integration programme.

As detailed in the Cooperation Agreement, and in line with normal merger practice, Standard Life and Aberdeen have reached an agreement on the implementation of retention arrangements for a group of key employees. These arrangements are intended in particular to recognise the specific responsibilities of the relevant employees for the retention of clients and delivery of investment performance through the integration process and following completion of the Merger and those employees instrumental in the successful delivery of the integration.

Standard Life and Aberdeen attach great importance to the skills and experience of Aberdeen's and Standard Life's management and employees. The Combined Group will offer significant opportunities for employees in a business of greater size and scope incorporating the skills and talent present in both companies. The Standard Life Directors recognise, however, that in order to achieve the expected benefits of the Merger, there will be a need to maximise operational efficiencies and cost synergies.

Standard Life and Aberdeen expect to achieve cost synergies where duplication exists and by taking advantage of opportunities to leverage the additional scale of the Combined Group. At this time it is estimated that the integration and restructuring will result in a phased reduction of approximately 800 roles from the total global headcount of the Combined Group as at 31 December 2016 of approximately 9,000 over the three-year integration period. Synergies will come in part from employee departures arising from natural turnover. Other appropriate steps will be taken to minimise the number of compulsory redundancies, including the active management of Standard Life's and Aberdeen's recruitment and vacancies.

As part of the planning process. Standard Life and Aberdeen will look to maximise operational efficiencies, including the rationalisation and consolidation of premises where Standard Life and Aberdeen already operate from multiple locations in a close geographic proximity.

Standard Life and Aberdeen will engage and consult with employees and their representative bodies in accordance with their respective legal obligations with regard to any impacts on employment or the location of places of business once integration planning is complete and detailed restructuring proposals and potential impacts are known. Finalisation of the proposed integration plan will be subject to engagement with appropriate stakeholders, including management and employee representative bodies.

Standard Life and Aberdeen have each confirmed that the existing statutory and contractual employment rights, including accrued pension rights of all Standard Life and Aberdeen employees, will be fully safeguarded upon and following completion of the Merger.

Both Standard Life and Aberdeen are signatories to the HMT Women In Finance Charter and the Combined Group will set a single target to reflect both companies commitment to the importance of diversity.

## **9. BRANDING AND LOCATION**

It is intended following completion of the Merger, Standard Life plc will be renamed Standard Life Aberdeen plc. Standard Life and Aberdeen have agreed that the Combined Group will include, and operate under, branding drawn from both the Aberdeen Group and the Standard Life Group.

Following completion of the merger, the current expectation is that (subject to further analysis and any necessary approvals) the Combined Group will be reorganised to bring the investment businesses of the Aberdeen Group and the Standard Life Group together in a single investment sub-group. If such a sub-group is established, the intermediate holding company will be named or Renamed Aberdeen Standard Life Investments Limited. The global brand strategy for the Combined Group is currently being developed and will reflect appropriate positioning for all businesses within the Combined Group, including the investment business.

The Combined Group will be headquartered in Scotland and continue to have offices around the world.

## **10. MITSUBISHI UFJ TRUST AND BANKING CORPORATION**

Standard Life and Aberdeen have received a non-binding statement of support in respect of the Merger from MUTB, both in its capacity as an Aberdeen Shareholder (to vote in favour of the Scheme in respect of 224,386,462 Aberdeen Shares, representing approximately 17.03% of Aberdeen's existing issued ordinary share capital on the Latest Practicable Date, and as an ongoing business partner. As part of that continued support, it is currently intended that the business arrangements presently in place between Aberdeen and MUTB shall continue to remain in force and Akira Suzuki (MUTB's current representative on the Aberdeen Board) will become a director, subject to any necessary regulatory approvals, on the Board of the Combined Group from completion of the Merger. Further details of the arrangements between Aberdeen and MUTB are set out in paragraph 9 of Part XVI (*Additional information*).

With respect to the Aberdeen Preference Shares, Standard Life and Aberdeen have agreed that the arrangements currently in place in relation to the Aberdeen Preference Shares pursuant to the Subscription Agreement shall continue following completion of the Merger.

## **11. LLOYDS BANKING GROUP**

Since Aberdeen acquired Scottish Widows Investment Partnership Limited in 2014, Aberdeen and Lloyds have enjoyed a strong business partnership and Lloyds remains a key customer of Aberdeen. It is

the intention that the Combined Group will explore ways in good faith to build a successful relationship with Lloyds for the benefit of their respective customers, businesses, shareholders and other stakeholders.

Lloyds has agreed to delay making a decision in relation to (i) the exercise of any applicable termination rights arising as a result of completion of the Merger in the various agreements between Lloyds and members of the Aberdeen Group (the “**Relevant Arrangements**”) and/or (ii) the making of certain material unscheduled withdrawals of assets by any means whatsoever (including by virtue of any termination at will under any or all of the Relevant Arrangements) from the management of the relevant member(s) of the Aberdeen Group under any of the Relevant Arrangements, in each case from and including the date of Lloyds’ agreement until the end of a period of six months from the date of completion of the Merger (the “**Minimum Period**”).

Lloyds’ agreement is to allow the discussions referred to above to take place in a spirit of mutual co-operation. If Lloyds ultimately decides at or after the end of the Minimum Period to terminate any of the Relevant Arrangements, it will give at least 12 months’ notice in writing to the relevant members of the Combined Group prior to withdrawing its funds under management.

References to Lloyds include Lloyds and all relevant Lloyds affiliates as appropriate.

## **12. INFORMATION ON THE STANDARD LIFE GROUP**

Standard Life is a leading investment company helping people to invest and manage their money through the provision of active asset management and long-term savings and investment propositions.

Standard Life Shares are listed on the main market of the London Stock Exchange. As at the Latest Practicable Date, the market capitalisation of Standard Life was approximately £7.5 billion. For the 12 months ended 31 December 2016, the Standard Life Group reported IFRS operating profit before tax of £723 million and as at 31 December 2016 had total assets of £190,495 million.

The Standard Life Group employs approximately 6,300 people internationally – through businesses in the UK, Europe, North America, Asia and Australia. Around 4.5 million customers and clients across 45 countries trust the Standard Life Group with their financial future – and the business is responsible for the administration of £362 billion<sup>8</sup> of its customers’ and clients’ assets.

Standard Life Investments is a leading global active investment manager with a strong institutional and wholesale presence and an expanding global reach, and a broad range of investment capabilities including: equities, fixed income, multi-asset, real estate, private equity and funds-of-funds. Standard Life Investments actively manages £278 billion worldwide, including £144 billion within its third party growth channels, primarily institutional and wholesale, and £134 billion through strategic partner mature life books<sup>9</sup>. Standard Life’s associate, HDFC Asset Management, is a leading manager of mutual funds in India with AuM of £28 billion<sup>10</sup>. Standard Life also supports over 25 million customers through its Indian and Chinese associate and joint venture businesses.

Standard Life’s Pensions and Savings business is a leading provider of long-term savings and investment propositions with the main aim of helping people manage their money today and save for their future. In the UK, through its workplace channel, the Standard Life Pensions and Savings business offers pensions, savings and flexible benefits schemes to employees through their employers. Its retail channel is a mix of

<sup>8</sup> Pursuant to the Standard Life Group’s unaudited internal records, it had £367.1 billion of assets under administration as at 31 March 2017.

<sup>9</sup> As at 31 March 2017, Standard Life Investments actively managed £278 billion, £144 billion of which was within its third party growth channels and £134 billion through strategic partner mature life books.

<sup>10</sup> As at 31 March 2017, HDFC Asset Management had £28 billion of assets under management.

intermediary relationships (financial advisers), direct customer relationships and Standard Life's financial planning business (1825). The mature book includes UK mature retail as well as spread/risk products, such as annuities and protection. In Ireland and Germany, Standard Life offers savings and investment products to a variety of customers and clients.

The Standard Life Group's strategy to become a world-class investment company is designed to make the most of market opportunities and support its world-class ambitions of: broadening and deepening investment capability, building an efficient and effective business, attracting, retaining and developing talented people, growing and diversifying revenue and profit, and developing strong relationships with customers and clients.

### **13. INFORMATION ON THE ABERDEEN GROUP**

Aberdeen is a full-service asset management group focused on meeting the worldwide investment needs of its clients, including institutions, private investors and the advisers who serve them. Aberdeen manages investments across the full spectrum of asset classes and geographic markets, including equities, fixed income, property and alternative assets.

Aberdeen is listed on the main market of the London Stock Exchange and is a constituent of the FTSE 250 index. Aberdeen operates in 27 countries, managing assets of £308.1 billion as at 31 March 2017 and is one of Europe's largest public investment managers, headquartered in Aberdeen and with its main investment offices in London, Edinburgh, Singapore and Philadelphia.

Aberdeen manages assets on behalf of third-party clients who span the full spectrum of institutional to retail investors. In the institutional market, Aberdeen's clients include pension funds, insurers, sovereign wealth funds, governments and local authorities, charities and financial institutions to which Aberdeen provides both pooled and segregated investment management. In the retail investment market, Aberdeen supports wealth managers, private banks and financial advisers, as well as making its investment products available directly to private investors in some markets. Aberdeen believes in locating its investment and client service teams in or near the markets in which it invests or where its clients are based. The Aberdeen Group has grown rapidly in the last 30 years and values a flat management structure and being an open, diverse and accessible employer. To its clients, the Aberdeen Group believes it is transparent and approachable and it aims to deliver the highest client service standards. It champions local decision making, close-knit teams and interdependence among its offices worldwide.

The Aberdeen Group's primary focus is on serving its customers well and by doing so, delivering good returns for its shareholders. The Aberdeen Group seeks to provide the best possible working conditions for its employees, to protect the environment and to manage its business in a fair and ethical manner.

For the 12 months ended 30 September 2016, Aberdeen reported IFRS profit before tax of £221.9 million and as at 30 September 2016 had total assets of £4,811.6 million.

For the 6 months ended 31 March 2017, Aberdeen reported unaudited profit before tax of £115.0 million and as at 31 March 2017 had total assets of £5,113.2 million.

### **14. CURRENT TRADING AND PROSPECTS**

#### ***Standard Life***

Standard Life has made further progress in the first three months of 2017 with inflows across its growth channels, most notably, in Pensions and Savings. This further illustrates the benefits of Standard Life's investment company business model of multiple distribution channels and diversification strategy, both of which will be further enhanced by the proposed merger with Aberdeen. Standard Life remains confident about capitalising on industry trends to meet the evolving needs of its clients and customers and to deliver returns for Standard Life Shareholders.

## Assets and flows update

Group assets under administration	£bn
Group assets under administration at 31 December 2016	357.1
Institutional net outflows	(1.1)
Wholesale net outflows	(0.7)
Workplace net inflows	0.4
Retail net inflows	1.7
Other net outflows	(0.1)
Eliminations	0.1
Growth channels net inflows	0.3
Mature fee books net outflows	(1.6)
Spread/risk net outflows	(0.2)
Mature books net outflows	(1.8)
Associate and joint venture life businesses net inflows	0.2
Market/other movements	5.9
Group assets under administration at 31 March 2017	361.7

Total assets under management of Standard Life Investments at 31 March 2017 were £278.1 billion (2016: £277.9 billion), including third party assets under management (excluding strategic partner life business), of £143.6 billion (2016: £143.9 billion). Short-term investment performance has improved since the start of the year with third party funds above benchmark over one year up from 20% at the start of the year to 77% at 31 March 2017. Long-term investment performance has remained strong with 73% of third party funds above benchmark over three years and 86% over five years.

Net flows across Standard Life's growth channels, excluding outflows from Global Absolute Return Strategies of £2.8 billion, amounted to £3.1 billion (Q1 2016: £1.4 billion). This £3.1 billion included the benefit of increasing diversification within Standard Life Investments, with net inflows across the Institutional and Wholesale channels up £0.9 billion (Q1 2016: £0.1 billion). In addition, the Workplace and Retail channels in Standard Life's Pension and Savings business saw 40% growth in net inflows to £2.1 billion (Q1 2016: £1.5 billion). This was driven by its Retail channel which saw net inflows up 55% to £1.7 billion (Q1 2016: £1.1 billion) as it continued to benefit from strong demand for Standard Life's leading Wrap platform and growing net inflows to the Elevate platform, which was acquired in Q4 2016.

### Aberdeen

Aberdeen published the Aberdeen 2017 Interim Results on 2 May 2017. These results are incorporated by reference into this Prospectus.

As at 31 March 2017, the unaudited assets under management ("AuM") of the Aberdeen Group was £308.1 billion.

Buoyant markets for much of the six months and the weakness of Pound Sterling versus other currencies helped to cushion the effects of net outflows of £13.4 billion during the period. The rate of net outflows has slowed from £10.5 billion in the first quarter of Aberdeen's 2017 financial year, to £2.9 billion in the second quarter, and the revenue effect of these flows has become more balanced, with new business being won at higher margins than is being lost on outflows. The bulk of the net outflows in the first quarter were lower margin and included large redemptions (£4.2 billion) of active equity mandates from a UK wealth manager and a sovereign wealth fund, as well as anticipated structural outflows from certain institutional clients.

Aberdeen has continued to make progress in its strategy of broadening the range of capabilities attracting inflows from clients. The diversified growth strategy, part of the multi-asset capability, continued to attract

client interest and demand. Net inflows for the six months were £0.8 billion. Parmenion, the IFA platform business, recorded net inflows of £0.5 billion during the period, bringing closing AuM to £3.3 billion. There has been strong growth since acquiring this business in January 2016 and the Aberdeen Board is very pleased with the continued progress.

There were also net inflows of £0.8 billion into emerging market strategies, both equities and debt, during the second quarter.

## **15. ACCOUNTING CONSIDERATIONS**

The Standard Life financial year ends on 31 December and the Aberdeen financial year ends on 30 September. It is intended that the consolidated financial reports for the Combined Group will have an accounting financial year ending on 31 December each year and that it will pay an interim dividend in October and a final dividend in May.

For accounting purposes, it is expected that Aberdeen will be consolidated into Standard Life's IFRS financial statements. A fair value exercise in respect of Aberdeen's assets and liabilities will be conducted following completion of the Merger, resulting in Aberdeen's assets and liabilities being included at fair value on the Combined Group's statement of financial position. Intangible assets arising will include goodwill, investment management and customer contracts, and brands.

## **16. DIVIDENDS AND DIVIDEND POLICY**

### **16.1 Entitlement to dividends**

Subject to approval at the Standard Life annual general meeting scheduled for 16 May 2017 and the terms of the Standard Life Articles of Association, Standard Life Shareholders will receive the final dividend of 13.35 pence per Standard Life Share with respect to the financial period ended 31 December 2016 that was announced on 24 February 2017 (the "**First Permitted Standard Life Dividend**"). On 2 May 2017, the Aberdeen Board announced that Aberdeen Shareholders will receive an interim dividend of 7.5 pence per Aberdeen Share for the six-month period ended 31 March 2017 (the "**First Permitted Aberdeen Dividend**").

If completion of the Merger occurs before the record date for Standard Life's interim dividend for 2017, shareholders in Standard Life post-completion of the Merger would be entitled to receive such interim dividend.

In the event that completion of the Merger occurs after the record date for Standard Life's interim dividend for 2017, Standard Life Shareholders would be entitled to receive such interim dividend (the "**Second Permitted Standard Life Dividend**"). In this event, Aberdeen would expect to declare and pay a dividend to its shareholders prior to the Scheme Record Time equal to the Second Permitted Standard Life Dividend multiplied by the Exchange Ratio, therefore providing Aberdeen Shareholders with the sum they would have received had completion of the Merger taken place prior to the record date for Standard Life's interim dividend (such equalising dividend being the "**Second Permitted Aberdeen Dividend**" and when taken together with all permitted dividends referenced above, including the First Permitted Aberdeen Dividend and the First Permitted Standard Life Dividend, the "**Permitted Dividends**"). The amount payable as the Second Permitted Aberdeen Dividend will be announced at or around the same time as the Second Permitted Standard Life Dividend and shall be an amount equal to the Second Permitted Standard Life Dividend multiplied by the Exchange Ratio.

If either party announces, declares, makes or pays any dividend or other distribution on or after the date of this Prospectus and prior to completion of the Merger, other than the Permitted Dividends, or in excess of

the Permitted Dividends, there will be no change to the Exchange Ratio. However, Standard Life and Aberdeen reserve the right to respectively pay an equalising dividend to their shareholders.

## 16.2 Dividend policy post-completion

Following the Merger and subject to the approval of the Board of the Combined Group, the Continuing Directors and Proposed Directors intend to adopt Standard Life's progressive dividend policy with the base dividend being the Standard Life full year dividend of 19.82 pence for the financial year ended 31 December 2016. The increased diversification of the Combined Group, enhanced financial profile and material earnings accretion is expected to support the generation of attractive and sustainable returns for shareholders, including through dividends.

Set out in the table below are the amounts of the dividends per Standard Life Share announced for the financial years ended 31 December 2016, 2015, 2014, 2013, 2012 and 2011.

### STANDARD LIFE CASH DIVIDENDS ANNOUNCED (FOR THE YEARS ENDED 31 DECEMBER 2016, 2015, 2014, 2013, 2012 AND 2011)

Dividend	Dividend per Standard Life Share (pence)
<b>2016<sup>41</sup></b>	
Interim dividend	6.47
<b>2015</b>	
Final dividend	12.34
Interim dividend	6.02
Total	18.36
<b>2014</b>	
Final dividend	11.43
Interim dividend	5.6
Total	17.03
<b>2013</b>	
Final dividend	10.58
Interim dividend	5.22
Total	15.80
<b>2012</b>	
Final dividend	9.8
Special dividend	12.8
Interim dividend	4.9
Total	27.5
<b>2011</b>	
Final dividend	9.2
Interim dividend	4.6
Total	13.8

## 16.3 Dividend Reinvestment Plan

Standard Life has arranged a dividend reinvestment plan which provides eligible Standard Life Shareholders<sup>42</sup> with the opportunity to use the whole of their cash dividend to buy further Standard Life Shares through a special dealing arrangement. The plan provider<sup>43</sup> will instruct a broker to purchase Standard Life Shares under the dividend reinvestment plan on, or as soon as reasonably practical, after the relevant dividend payment date.

<sup>41</sup> Standard Life proposes to pay a 2016 final dividend of 13.35 pence per share on 23 May 2017 (subject to approval at the Standard Life annual general meeting scheduled for 16 May 2017), resulting in a 2016 full year dividend of 19.82 pence per share.

<sup>42</sup> Standard Life does not currently offer Standard Life Shareholders based in Canada and other non-EEA countries the option of participating in the Standard Life Dividend Reinvestment Plan.

<sup>43</sup> The dividend reinvestment plan is provided by Capital IRG Trustees Limited, trading as Capita Assets Services.

## **17. STRUCTURE OF THE SCHEME**

### **17.1 Scheme of arrangement**

It is intended that the Merger will be effected by a court-sanctioned scheme of arrangement of Aberdeen, between Aberdeen and the Aberdeen Shareholders, under Part 26 of the CA 2006. However, Standard Life has reserved the right to implement the Merger by way of a takeover offer (as defined in Part 28 of the CA 2006), subject to the Panel's consent and the terms of the Cooperation Agreement, which permit Standard Life to implement the Merger by way of an Offer: (i) with the consent of Aberdeen; (ii) if a third party announces a firm intention to make an offer for Aberdeen which is recommended by the Aberdeen Board; or (iii) if the Aberdeen Board otherwise withdraws its recommendation of the Scheme.

Under the Scheme, the Scheme Shares held by Scheme Shareholders will be transferred to Standard Life in consideration for which Scheme Shareholders will receive the Consideration.

The Scheme is subject to the Conditions and further terms and conditions are set out in the Scheme Document. These Conditions include obtaining the relevant regulatory clearances from the PRA, FCA and other regulators and obtaining clearances from the appropriate competition authorities.

To become effective, the Scheme requires the approval of Scheme Shareholders by the passing of a resolution at the Aberdeen Court Meeting. The resolution must be approved by a majority in number of the Scheme Shareholders present and voting (and entitled to vote), either in person or by proxy, representing not less than 75% in value of the Scheme Shares voted by such Scheme Shareholders. In addition, a special resolution must be passed at the Aberdeen General Meeting to deal with certain ancillary matters, which requires the approval of Aberdeen Shareholders representing at least 75% of the votes cast at the Aberdeen General Meeting (either in person or by proxy). The Aberdeen General Meeting will be held immediately after the Aberdeen Court Meeting.

The Aberdeen Meetings are to be held no later than the 22nd day after the expected date of the Aberdeen Meetings set out in the Scheme Document (or such later date as may be agreed between Standard Life and Aberdeen and as the Court may allow).

Following the Aberdeen Meetings, the Scheme must be sanctioned by the Court no later than the 22nd day after the expected date of the Aberdeen Court Hearing set out in the Scheme Document (or such later date as may be agreed between Standard Life and Aberdeen and as the Court may allow). The Scheme will only become effective once a copy of the Aberdeen Court Order is delivered to the Registrar of Companies.

Upon the Scheme becoming effective, it will be binding on all Aberdeen Shareholders, irrespective of whether or not they attended or voted at the Aberdeen Meetings and the Consideration will be dispatched by Standard Life to Scheme Shareholders no later than 14 days after the Effective Date.

The Scheme Document includes full details of the Scheme, together with notices of the Aberdeen Court Meeting and the Aberdeen General Meeting and the expected timetable, and will specify the action to be taken by Scheme Shareholders.

The Scheme will be governed by Scots law and is subject to the jurisdiction of the Court of Session in Edinburgh, Scotland. The Scheme will be subject to the applicable requirements of the City Code, the Panel, the London Stock Exchange and the UKLA.

## **17.2 Fractional entitlements**

Fractions of New Shares will not be allotted to Aberdeen Shareholders. Fractional entitlements to New Shares will be aggregated and sold in the market and the net proceeds of sale distributed pro rata to persons entitled thereto. However, individual entitlements to total aggregate amounts of less than £3 will not be paid to Aberdeen Shareholders but will be retained for the benefit of Standard Life.

## **18. THE NEW SHARES**

The New Shares will be issued in registered form and will be capable of being held in certificated and uncertificated form.

The New Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Existing Standard Life Shares, including in relation to the right to receive notice of, and to attend and vote at, general meetings of Standard Life, the right to receive and retain any dividends and other distributions declared, made or paid by reference to a record date falling after the Effective Date and to participate in the assets of Standard Life upon a winding-up of Standard Life. As with the Existing Standard Life Shares, the New Shares will not be subject to any redemption provisions.

## **19. DELISTING OF ABERDEEN SHARES AND RE-REGISTRATION OF ABERDEEN**

Prior to the Merger completing, applications will be made: (i) to the UKLA for the cancellation of the premium listing of the Aberdeen Shares on the Official List; and (ii) to the London Stock Exchange for the cancellation of trading of the Aberdeen Shares on the London Stock Exchange's main market for listed securities.

It is expected that, subject to the necessary approvals, the Aberdeen Shares will be suspended at 6.00 p.m. on 11 August 2017, with delisting to take effect at 8.00 a.m. on 14 August 2017.

After the Scheme Record Time but before the Scheme becomes effective, entitlements to Aberdeen Shares held within the CREST system will be cancelled. On the Effective Date, Aberdeen will become a wholly-owned subsidiary of Standard Life and share certificates in respect of Aberdeen Shares will cease to be valid.

As soon as possible after the Effective Date, it is intended that Aberdeen will be re-registered as a private limited company.

If the Scheme is sanctioned by the Court, Aberdeen Shares held in treasury will be cancelled prior to the Scheme Record Time.

## **20. ABERDEEN ADRs**

The Aberdeen Shares underlying the Aberdeen ADRs will be included in the Merger. Aberdeen ADR Holders should contact Citibank, N.A., the depository for the Aberdeen ADRs for information regarding their rights.

## **21. LISTING, DEALINGS AND SETTLEMENT OF THE NEW SHARES**

Applications will be made to: (i) the FCA for the New Shares to be admitted to the premium listing segment of the Official List; and (ii) the London Stock Exchange for the New Shares to be admitted to trading on its main market for listed securities.

It is expected that, subject to the necessary approvals, the New Shares will be admitted to trading on the London Stock Exchange by 8.00 a.m. on 14 August 2017 and dealings for normal settlement in the New Shares will commence at or shortly after that time.

No application has been made or is currently intended to be made by Standard Life for the New Shares to be admitted to listing or trading on any other exchange.

## **22. IRREVOCABLE UNDERTAKINGS**

The Standard Life Directors have irrevocably undertaken to vote in favour of the Standard Life Resolutions to be proposed at the Standard Life General Meeting in respect of their own beneficial holdings totalling 3,801,339 Standard Life Shares, representing in aggregate approximately 0.2% of Standard Life's issued share capital as at the Latest Practicable Date.

The Aberdeen Recommending Directors who hold Aberdeen Shares have irrevocably undertaken to vote in favour of the Scheme in respect of their own beneficial holdings totalling 2,315,275 Aberdeen Shares, representing in aggregate approximately 0.2% of Aberdeen's issued ordinary share capital as at the Latest Practicable Date.

These irrevocable undertakings remain binding if a higher competing offer for Aberdeen is made but cease to be binding on and from the earlier of (i) the Long Stop Date; and (ii) the date on which the Scheme is withdrawn or lapses in accordance with its terms.

## **23. STATEMENTS OF SUPPORT**

Standard Life and Aberdeen have received non-binding statements of support to vote in favour of the Scheme from each of MUTB and Lloyds, in respect of 353,420,241 Aberdeen Shares, representing in aggregate approximately 27% of Aberdeen's existing issued ordinary share capital as at the Latest Practicable Date. Further details of these statements of support are set out at paragraph 15 of and Appendix 3 to the Announcement.

## **24. DILUTION**

The issue of the New Shares will result in Standard Life's issued ordinary share capital increasing by approximately 51%. Immediately following admission of the New Shares to trading on the LSE, former Aberdeen Shareholders will hold approximately 33.3% of Standard Life's issued ordinary share capital. As a result, the voting rights of Existing Standard Life Shareholders would be diluted, such that the Existing Standard Life Shareholders would, immediately following completion of the Merger, hold voting rights of approximately 66.7% of the total voting rights that they had held immediately prior to completion.<sup>14</sup>

---

<sup>14</sup> Please see paragraph 17 of Part XVI (*Additional information*) for details of how the dilution statistics are calculated.

**PART VII**  
**INFORMATION ABOUT THE STANDARD LIFE GROUP**

**1. INTRODUCTION**

Standard Life is a public limited company incorporated under the laws of Scotland with registered number SC286832 and registered address Standard Life House, 30 Lothian Road, Edinburgh EH1 2DH, Scotland, where it is headquartered. Standard Life is UK tax resident.

The telephone number of its principal place of business is +44 (0)131 225 2552. The telephone number for the Standard Life UK shareholder call centre is 0345 113 0045, or +44 (0)20 3367 8224 if calling from overseas. Call charges will vary. Further contact details for shareholders resident in other jurisdictions are set out below:

Ireland	+353 (1)431 9829
Germany and Austria	+49 (0)69 9753 3030
Canada	1-866-982-9939

Calls may be monitored and / or recorded to protect both you and us and to help with our training. Call charges will vary.

The issued share capital of Standard Life as at the Latest Practicable Date comprised 1,979,413,496 Existing Standard Life Shares of 12 <sup>2</sup>/<sub>9</sub>, pence all of which are fully paid, totalling £241.93 million in nominal value.

The Existing Standard Life Shares are listed on the London Stock Exchange.

Standard Life is a leading investment group helping people to invest and manage their money through the provision of active asset management and long-term savings and investment propositions.

As at the Latest Practicable Date, the market capitalisation of Standard Life was approximately £7.5 billion.

**2. HISTORY OF THE STANDARD LIFE GROUP**

The Life Insurance Company of Scotland was established in 1825. In 1832 its name was changed to the Standard Life Assurance Company. Standard Life was reincorporated as a mutual assurance company in 1925. It originally operated only through branches or agencies of the mutual company in the United Kingdom and certain other countries. Its Canadian branch was founded in 1833 and its Irish operations were founded in 1834. This largely remained the structure of the Standard Life Group until 1996, when it opened a branch in Frankfurt, Germany with the aim of exporting its UK life assurance and pensions operating model to capitalise on the opportunities presented by EC Directive 92/96/EEC and offer a product range in the German market with features that local providers were unable to offer.

In the 1990s, the Standard Life Group also sought to diversify its operations into areas which complemented its core life assurance and pensions business, with the intention of positioning itself as a broad range financial services provider. The Standard Life Investments business was launched as a separate company in 1998.

In the early part of 2004, Standard Life undertook a strategic review of its business. The strategic review was wide-ranging and examined the group's business in its entirety, both in the United Kingdom and overseas, assessing the potential for a number of operational and financial improvements, but with a particular focus on UK life and pensions business. It was also acknowledged that the group's mutual

structure, and the increased regulation to which it was subject, imposed limitations on its ability to access additional capital and could limit opportunities for planned growth and development, placing the Standard Life Group at a disadvantage to insurance companies which did not have such a structure. On 10 July 2006, after a 98% “yes” vote from eligible voting members who voted, the Standard Life Assurance Company demutualised and Standard Life was floated on the London Stock Exchange and joined the FTSE 100 index.

In recent years, through the sale of Standard Life Healthcare, Standard Life Bank and its Canadian companies, Standard Life has been transformed into a capital-lite investment group with 92% of total operating income attributed to fee-based revenue for the 12 months to 31 December 2016.

### **3. BUSINESS OVERVIEW**

The Standard Life Group employs approximately 6,300 people internationally – through businesses in the UK, Europe, North America, Asia and Australia. Around 4.5 million customers and clients across 45 countries trust the Standard Life Group with their financial future. At 31 December 2016, Standard Life Group administered £357 billion of customers’ and clients’ assets and Standard Life Investments actively managed £278 billion worldwide. Standard Life also supports over 25 million customers through its Indian and Chinese associate and joint venture businesses.

In 2006, the Standard Life Assurance Company demutualised and Standard Life listed on the London Stock Exchange. The business has around 1.2 million individual shareholders across the world.

Wherever the Standard Life Group operates in the world, it is motivated by a sense of responsibility. Standard Life is proud to be listed as a leader for corporate sustainability in its industry in the Dow Jones Sustainability Indices (DJSI World and DJSI Europe).

The Standard Life Group’s insurance and investment management operations are generally conducted through direct and indirect subsidiaries. As a holding company, Standard Life’s principal sources of funds are dividends from subsidiaries, shareholder assets and any amounts that may be raised through the issuance of debt.

For the 12 months ended 31 December 2016, Standard Life Group reported operating profit before tax of £723 million and as at 31 December 2016 had total assets of £190,495 million.

The Group’s reportable segments have been identified in accordance with the way in which the Group is structured and managed. The Standard Life Group consists of four reportable segments (business units) at 31 December 2016:

- Standard Life Investments
- Pensions and Savings
- India and China
- Other (which primarily includes the corporate centre and related activities)

A breakdown of total operating income, operating profit before tax and IFRS profit for the year attributable to equity holders of Standard Life by reportable segment (all from continuing operations) is set out below:

	Standard Life Investments £m	Pensions and Savings £m	India and China £m	Other £m	Eliminations £m	Total continuing operations £m
<b>31 December 2016</b>						
Fee-based revenue	885	861	17	-	(112)	1,651
Spread/risk margin	-	134	-	-	-	134
<b>Total operating income</b>	<b>885</b>	<b>995</b>	<b>17</b>	<b>-</b>	<b>(112)</b>	<b>1,785</b>
<b>Operating profit before tax</b>	<b>383</b>	<b>362</b>	<b>36</b>	<b>(58)</b>	<b>-</b>	<b>723</b>
<b>IFRS profit for the year attributable to equity holders of Standard Life plc</b>	<b>259</b>	<b>130</b>	<b>31</b>	<b>(52)</b>	<b>-</b>	<b>368</b>
<b>31 December 2015</b>	£m	£m	£m	£m	£m	£m
Fee-based revenue	843	808	38	-	(110)	1,579
Spread/risk margin	-	145	-	-	-	145
<b>Total operating income</b>	<b>843</b>	<b>953</b>	<b>38</b>	<b>-</b>	<b>(110)</b>	<b>1,724</b>
<b>Operating profit before tax</b>	<b>342</b>	<b>357</b>	<b>27</b>	<b>(61)</b>	<b>-</b>	<b>665</b>
<b>IFRS profit for the year attributable to equity holders of Standard Life plc</b>	<b>225</b>	<b>188</b>	<b>(59)</b>	<b>(78)</b>	<b>-</b>	<b>276</b>
<b>31 December 2014</b>	£m	£m	£m	£m	£m	£m
Fee-based revenue	686	802	49	-	(108)	1,429
Spread/risk margin	-	183	-	-	-	183
<b>Total operating income</b>	<b>686</b>	<b>985</b>	<b>49</b>	<b>-</b>	<b>(108)</b>	<b>1,612</b>
<b>Operating profit before tax</b>	<b>257</b>	<b>390</b>	<b>23</b>	<b>(62)</b>	<b>-</b>	<b>608</b>
<b>IFRS profit for the year attributable to equity holders of Standard Life plc</b>	<b>114</b>	<b>332</b>	<b>(4)</b>	<b>(66)</b>	<b>-</b>	<b>376</b>

Total revenue for the Standard Life Group, as presented in the consolidated income statement, split by geographical location in which it was earned is set out below:

	2016 £m	2015 £m	2014 £m
UK	16,822	6,628	12,740
Rest of the world	1,907	2,264	3,848
<b>Total</b>	<b>18,729</b>	<b>8,892</b>	<b>16,588</b>

Revenue in the consolidated income statement includes investment return on policyholder assets. This investment return accrues to policyholders rather than shareholders, and is therefore offset by related expenses in the consolidated income statement, rather than directly impacting profit for the year. The changes in revenue in 2015 and 2016 primarily relate to changes in this policyholder investment return.

### 3.1 Standard Life Investments

#### Overview

Standard Life Investments is a leading active asset manager. The distinctive investment philosophy, Focus on Change, lies at the heart of the wide range of investment funds and solutions offered.

#### Products and distribution

Standard Life Investments offers market-leading investment funds and solutions to third party clients through two main distribution channels:

- **Institutional:** managing assets for a wide range of institutions, such as pension fund clients, government authorities, corporates, charities and insurance companies; and

- **Wholesale:** providing funds and solutions to retail investors through wholesale distributors and platforms.

Standard Life Investments also provides active asset management services for life insurance books to the wider Standard Life Group and to strategic partners such as the Phoenix Group.

The associate business, HDFC Asset Management, is a leading manager of mutual funds in India.

Distribution is also carried out through strategic partners including John Hancock in North America, Bosera International in China and Sumitomo Mitsui in Japan.

Standard Life Investments provides a range of asset management products with capabilities across:

- **Equities:** With an active management style, there is a team of dedicated equity investment professionals focused on generating consistent performance.
- **Fixed income:** A wide range of government, investment grade credit, high-yield credit, emerging market debt, inflation-linked bond and multi-asset bond strategies are offered.
- **Real estate:** Standard Life Investments is one of the largest real estate investment managers in the world.
- **Multi-asset and absolute return strategies:** Standard Life Investments provides a range of innovative multi-asset investment solutions. This includes the Global Absolute Return Strategies Fund (GARS), which is one of the largest mutual funds in Europe.
- **Private equity:** Private equity funds provide a compelling means for investors to enhance performance and diversify their portfolios.
- **Insurance solutions:** To meet the evolving needs of insurers, Standard Life Investments have developed capabilities across a broad range of asset classes.

Standard Life Investments offers a range of investment vehicles including institutional and retail open-ended investment companies (OEICs), investment trusts, Luxembourg société d'investissement à capital variable (SICAV) funds and segregated fund mandates.

### *Principal markets*

Standard Life Investments' key markets are in the UK, Europe, North America and Asia. It has a presence in 29 cities across 18 countries. The table below provides an analysis of third party (i.e. excluding funds managed for Standard Life Group) assets under management by geography of client.

Standard Life Investments third party AuM (incl Phoenix Group) by geography of client	2016 £bn	2015 £bn	2014 £bn
UK (incl Phoenix Group)	144.4	133.9	133.8
Europe	16.2	14.2	11.3
North America	12.7	11.7	8.1
Asia Pacific	3.8	3.3	2.0
India	10.6	7.0	6.1
<b>Total</b>	<b>187.7</b>	<b>170.1</b>	<b>161.3</b>

## 3.2 Pensions and Savings

### *Overview*

Standard Life's Pensions and Savings business is a leading provider of long-term savings and investment propositions with the main aim of helping people manage their money today and save for their future.

### *Products and distribution*

In the UK, products and services are offered through two main channels:

- **Retail:** pensions and savings where the relationship is either directly with the customer, or with their financial adviser; and
- **Workplace:** pensions, savings and flexible benefits to employees through their employers.

Retail distribution is primarily through Standard Life's financial adviser platform. This platform proposition was expanded in 2016 as a result of the acquisition of the Elevate platform.

Workplace distribution is via employers and their advisers. Workplace business is primarily corporate pensions. Since auto-enrolment began in 2012, the Pensions and Savings business has supported over 8,000 employers to set-up qualifying workplace pension schemes, with over one million members enrolled into these schemes.

The Europe business comprises Ireland and Germany, where Standard Life's Pensions and Savings business offers savings and investment products to a variety of customers and clients. Distribution is primarily via brokers and advisers.

The Pensions and Savings business also includes businesses that specialise in financial advice and risk and compliance services. The financial advice business, branded "1825", was launched in 2015 and offers a full financial planning and personal tax advice service. By the end of 2016, the acquisition of four adviser firms had been completed.

Standard Life's Pensions and Savings business includes a range of products which are categorised as either fee-based or spread/risk business. In 2016, 87% of Pensions and Savings total operating income was fee-based.

- **Fee based business:** The fee-based business is made up of products where revenue is generated primarily from annual management charges (AMCs), premium-based charges and transactional charges. AMCs are earned on products such as self-invested personal pensions (SIPPs), drawdown products, individual savings accounts (ISAs) and corporate pensions, and are calculated as a percentage fee based on the assets held. Investment risk on these products rests principally with the customer, with the shareholder's major indirect exposure to rising or falling markets coming from higher or lower AMCs. Fee business includes unit-linked and with-profits business. A unit-linked policy is one where the benefits are determined by reference to a specified pool of assets. A with-profits policy is one where, in addition to guaranteed benefits specified in the policy, additional bonuses may also be payable depending on the performance of the assets in the with-profits fund. With-profits business was predominantly written before the demutualisation of Standard Life.
- **Spread/risk business:** Spread-based business consists of annuities and risk-based business consists of protection products. The spread/risk business mainly comprises annuities where a guaranteed level of income is provided to customers in return for an investment. The 'spread'

primarily relates to the difference between the guaranteed amount paid to customers and the actual return on related assets over the period of the contract. Annuity sales reduced in 2015 as a result of the implementation of pension freedoms and Standard Life's sales are now focused on Standard Life customers.

Further detail of the business written in the Pensions and Savings business in the UK, Ireland and Germany is included on pages 129 to 132 of the Standard Life 2016 Annual Report which is incorporated by reference into this Prospectus as set out in paragraph 19 of Part XVI (*Additional information*).

#### *Principal markets*

The business is primarily based in the UK, with operations also in Ireland and Germany. Total Pensions and Savings operating profit before tax for the year ended 31 December 2016 was £362 million which consisted of £319 million from the UK and £43 million from Ireland and Germany.

In Ireland, Standard Life's business comprises domestic and international bond business. In Germany, Standard Life offers unit-linked savings and pensions products. Standard Life previously offered with-profits products in Germany, but closed to new business in 2015.

### **3.3 India and China**

#### *Overview*

Through a combination of associate and joint venture life businesses, Standard Life has an extensive reach in key markets in India and China. Standard Life also has a wholly-owned business in Hong Kong.

#### *Products and distribution*

HDFC Life, the associate business in India, sells individual and group life insurance policies via a network of around 400 branches as well as through a number of key bancassurance relationships.

Heng An Standard Life (HASL), the joint venture business in China, has 82 offices offering life and health insurance products on both a group and individual basis. Sales are predominantly made direct to customers and clients. HASL also maintains relationships with banks and insurance brokers.

The wholly-owned business<sup>45</sup> in Hong Kong sells insurance and savings products via insurance brokers.

#### *Principal markets*

The business of the India and China segment is primarily based in India, China and Hong Kong. Total India and China operating profit before tax for the year ended 31 December 2016 was £36 million which consisted of £34 million from India, £7 million from China and a loss of £5 million from Hong Kong.

This reportable segment was previously called Asia and Emerging Markets. The Standard Life Group announced the closure of the Singapore business in 2015, and announced the closure of the Dubai business in 2014.

<sup>45</sup> On 29 March 2017, Standard Life announced the terms on which it had agreed to sell its Hong Kong business (Standard Life (Asia) Limited) to Heng An Standard Life. The transaction is subject to obtaining local regulatory and other approvals in Mainland China and Hong Kong.

## 4. STRATEGY

### *A strategy to become a world-class investment company*

The Standard Life Group's strategy is designed to make the most of market opportunities and support its world-class ambitions:

- Broadening and deepening investment capability
- Building an efficient and effective business
- Attracting, retaining and developing talented people
- Growing and diversifying revenue and profit
- Developing strong relationships with customers and clients

### *Broadening and deepening investment capability*

Broadening and deepening investment capability gives Standard Life the potential to attract a wider range of future customers and clients. Propositions and fund choices demonstrate Standard Life's capabilities as a long-term, forward-looking, responsible investor, with environmental, social and governance principles embedded into investment processes. Success is measured by delivering investment performance that meets the desired long-term outcomes of customers and clients.

Standard Life is well positioned to benefit from global trends that are shaping the savings and investments landscape. This includes the potential for slower economic growth and the compressed return environment continuing for longer, driving demand for active asset management.

Standard Life will continue to innovate and seek new, diverse investment opportunities. New funds with specific objectives are a key part of the ongoing aim to meet the investment needs of customers and clients.

Standard Life continues to focus on what customers and clients want in terms of fund choice and expected outcomes.

### *Building an efficient and effective business*

Standard Life targets efficient and effective operations as critical to its business, helping provide outstanding service to customers, advisers and employers at a competitive unit cost.

Standard Life is transforming and continually investing in its operating platform and surrounding architecture to make it more modern, flexible, scalable and efficient, allowing delivery of products to market faster and effective management of unit costs. The surrounding architecture, including IT systems, processes and external service providers, gives greater flexibility and reduces ongoing maintenance costs. Continuing investment in technology is also helping Standard Life to reduce ongoing costs, facilitating increasingly scalable operations and efficient administration of growing volumes of assets.

With innovation, technology and digitalisation being major market trends, Standard Life continues to work to deliver modern, consistent experiences across all platforms to meet the expectations of customers, advisers and employers.

Standard Life supports changes that will improve regulation, for example as early adopters of the European Market Infrastructure Regulation (EMIR) principles, designed to improve transparency and reduce risk in the derivatives market.

### *Attracting, retaining and developing talented people*

Engaged people are central to building long-term customer and client relationships and contributing to business performance, reputation, profitability and long-term shareholder value. Standard Life is committed to bringing out the best in its people and enabling them to reach their potential. It has policies and initiatives for a diverse and inclusive culture, and works towards key targets for the proportion of women in leadership roles.

In a global marketplace, talented people are in high demand. Standard Life invests in mentoring, coaching and development programmes as part of ongoing career development.

A robust succession planning process is in place for Strategic Executive Committee members. This includes ongoing talent management for people with the potential and drive to become future business leaders.

### *Developing strong relationships with customers and clients*

Standard Life focuses on putting customers and clients first, and always aims to operate in a timely and efficient way. Processes and technology are designed to enable delivery of great customer experiences that are scalable, to support future growth.

Standard Life continues to strengthen how it supports the needs of its increasingly diverse range of institutional and wholesale clients. It continues to look for opportunities to diversify through strategic relationships, and collaborate across its business to keep improving customer, client and adviser experiences.

Increased regulatory and legislative complexity, and political uncertainty, have meant a greater need for advice and tailored investment solutions. Clients are looking to trusted organisations and advisers to help them make the right choices.

Standard Life competes against offerings from other organisations, and aims to offer a premium service, consistent with its overall proposition. It will continue to expand and diversify Standard Life Investments' client base by geography, channel, client type and range of funds – supported by innovative solutions and commitment to service excellence.

### *Growing and diversifying revenue and profit*

Standard Life remains focused on growing and diversifying revenue and profit to deliver sustainable value for shareholders and other key stakeholders. It aims to do this by creating a world-class investment company that is well diversified by geography, distribution channel, client type, asset class and across the value chain.

To support diversification, Standard Life will continue to pursue organic growth opportunities while also carefully targeting appropriate acquisitions and strategic partnerships.

The need for people to take more responsibility for their financial futures has driven a growing demand for financial advice and guidance. This presents an opportunity for Standard Life to diversify and grow sources of revenue – in particular, through its financial advice business (1825).

Standard Life has seen increased customer and client appetite for simple and transparent products with clear investment objectives, and to take a more active approach to managing their investments. These are areas of strength for Standard Life, given a track record of strong long-term investment performance and innovation.

Standard Life benefits from a diversified client base and continues to expand its global capabilities and distribution through new strategic relationships. These relationships are an important way of supporting global growth and diversification by providing a cost-effective way of quickly accessing new markets.

## **5. PRINCIPAL INVESTMENTS**

A description of the Standard Life Group's principal investments for 2016 is set out at Notes 18, 19, 20 and 21 of the notes to the audited consolidated financial statements for the year ended 31 December 2016 which can be found at pages 146 to 150 of the Standard Life 2016 Annual Report, which is incorporated by reference into this Prospectus as set out in paragraph 19 of Part XVI (*Additional information*) and available for inspection as set out in paragraph 18 of Part XVI (*Additional information*). A description of the Standard Life Group's commitment to further capital expenditure as at 31 December 2016 is set out in Note 46 of the notes to the audited consolidated financial statements for the year ended 31 December 2016 which can be found on page 205 of the Standard Life 2016 Annual Report, which is incorporated by reference into this Prospectus as set out in paragraph 19 of Part XVI (*Additional information*) and available for inspection as set out in paragraph 18 of Part XVI (*Additional information*).

A description of the Standard Life Group's principal investments for 2015 is set out at Notes 18, 19, 20 and 21 of the notes to the audited consolidated financial statements for the year ended 31 December 2015 which can be found at pages 149 to 153 of the Standard Life 2015 Annual Report, which is incorporated by reference into this Prospectus as set out in paragraph 19 of Part XVI (*Additional information*) and available for inspection as set out in paragraph 18 of Part XVI (*Additional information*). A description of the Standard Life Group's commitment to further capital expenditure as at 31 December 2015 is set out in Note 46 of the notes to the audited consolidated financial statements for the year ended 31 December 2015 which can be found on page 216 of the Standard Life 2015 Annual Report, which is incorporated by reference into this Prospectus as set out in paragraph 19 of Part XVI (*Additional information*) and available for inspection as set out in paragraph 18 of Part XVI (*Additional information*).

A description of the Standard Life Group's principal investments for 2014 is set out at Notes 18, 19, 20 and 22 of the notes to the audited consolidated financial statements for the year ended 31 December 2014 which can be found at pages 161 to 164 and page 167 of the Standard Life 2014 Annual Report, which is incorporated by reference into this Prospectus as set out in paragraph 19 of Part XVI (*Additional information*) and available for inspection as set out in paragraph 18 of Part XVI (*Additional information*). A description of the Standard Life Group's commitment to further capital expenditure as at 31 December 2014 is set out in Note 47 of the notes to the audited consolidated financial statements for the year ended 31 December 2014 which can be found on page 227 of the Standard Life 2014 Annual Report, which is incorporated by reference into this Prospectus as set out in paragraph 19 of Part XVI (*Additional information*) and available for inspection as set out in paragraph 18 of Part XVI (*Additional information*).

## **6. PROPERTY, PLANT AND EQUIPMENT**

There is no existing or planned property, plant or equipment which is individually material to the Standard Life Group, taken as a whole.

In each of its businesses, the Standard Life Group owns or controls, generally through licences or other contractual arrangements or via long-term leases, the property, plant and equipment necessary to its operations. Information on the Standard Life Group's investment in property, plant and equipment is set out at Note 20 of the notes to the audited consolidated financial statements for the year ended 31 December 2016, which can be found on page 149 of the Standard Life 2016 Annual Report, which is incorporated by reference into this Prospectus as set out in paragraph 19 of Part XVI (*Additional information*) and available for inspection as set out in paragraph 18 of Part XVI (*Additional information*).

Further information about the Standard Life Group's property, plant and equipment, any major encumbrances thereon and the principal environmental issues that may affect the Standard Life Group's utilisation of the property, plant and equipment that it owns or controls can be found at Part II (*Risk factors*) and page 149 of the Standard Life 2016 Annual Report, which is incorporated by reference into this Prospectus as set out in paragraph 19 of Part XVI (*Additional information*) and available for inspection as set out in paragraph 18 of Part XVI (*Additional information*).

## 7. EMPLOYEES

The company employs approximately 6,300 people internationally through its businesses in the UK, Europe, North America, Asia and Australia. The following table sets out the average number of employees for 2016 and the two preceding years by geographical area and by business segment.

### EMPLOYEES BY GEOGRAPHICAL AREA

	2016	2015	2014
Asia	150	164	169
Australia	9	6	5
Europe	641	665	651
North America	102	255	2,198
United Kingdom	5,400	5,341	5,312
<b>Total</b>	<b>6,302</b>	<b>6,431</b>	<b>8,335</b>

### EMPLOYEES BY BUSINESS SEGMENT

	2016	2015	2014
Standard Life Investments	1,681	1,496	1,322
Pensions & Savings	4,026	4,116	3,986
India & China (formerly Asia and Emerging Markets)	112	136	263
Other	483	518	773
Canada	0	165	1,991
<b>Total</b>	<b>6,302</b>	<b>6,431</b>	<b>8,335</b>

## 8. RATINGS

As at the Latest Practicable Date, Standard Life has a financial strength rating of A from Standard & Poor's, and of Baa1 from Moody's.

## **PART VIII**

### **INFORMATION ABOUT THE ABERDEEN GROUP**

#### **1. INTRODUCTION**

Aberdeen is a full-service asset management group focused on meeting the worldwide investment needs of its clients, including institutions, private investors and the advisers who serve them. Aberdeen manages investments across the full spectrum of asset classes and geographic markets, including equities, fixed income, property and alternative assets.

Aberdeen is listed on the main market of the London Stock Exchange and is a constituent of the FTSE 250 index. The business operates in 27 countries, managing assets of £308.1 billion as at 31 March 2017 and is one of Europe's largest public investment managers, headquartered in Aberdeen and with its main investment offices in London, Edinburgh, Singapore and Philadelphia.

#### **2. HISTORY OF THE ABERDEEN GROUP**

Aberdeen was formed in 1983, as Aberdeen Fund Managers Limited, to take over the investment business of an Aberdeen-based firm of solicitors providing fund management and secretarial services to a quoted investment trust and to a small number of institutions and private clients. Martin Gilbert, Aberdeen's chief executive, was a founding shareholder. In 1991, Aberdeen obtained its listing on the London Stock Exchange under the name of Aberdeen Trust PLC. Aberdeen changed its name to Aberdeen Asset Management PLC in 1997.

Through multiple acquisitions and organic growth, the scale of Aberdeen's operations, locally and internationally, has changed dramatically since it was founded in 1983. While Aberdeen has acquired a number of businesses since its incorporation, key transactions have included:

- The UK and US institutional businesses of Deutsche Asset Management (2005): expanded the Aberdeen Group's presence globally and diversified its AuM by the addition of a significant fixed income capability;
- Certain fund management assets and businesses from Credit Suisse Group (2009): added approximately £35 billion in AuM to Aberdeen's operations; and
- Scottish Widows Investment Partnership Limited from Lloyds Banking Group plc (2014): added approximately £136 billion in AuM to Aberdeen's operations.

#### **3. BUSINESS OVERVIEW**

Aberdeen operates in 27 countries, managing assets of £308.1 billion as at 31 March 2017 and is one of Europe's largest public investment managers, headquartered in Aberdeen and with its main investment offices in London, Edinburgh, Singapore and Philadelphia.

Key clients of Aberdeen include leading sovereign, national and corporate, life and pension funds, central and global banks and other investment and financial institutions or companies across the globe.

For the 12 months ended 30 September 2016, Aberdeen reported IFRS profit before tax of £221.9 million and as at 30 September 2016 had total assets of £4,811.6 million. For the period ended 31 March 2017, Aberdeen reported IFRS profit before tax of £115.0 million and as at 31 March 2017 had total assets of £5,113.2 million.

#### 4. DISTRIBUTION OF INVESTMENT MANAGEMENT SERVICES

The Aberdeen Group approaches distribution through its global network of offices. The role of Aberdeen's distribution team is to access potential investors and develop trusted, long-term relationships founded on high quality client service. It includes teams dedicated to client management with performance metrics geared around service levels and client satisfaction. It has a targeted approach to growth by concentrating on distributing the Aberdeen Group's products in the markets where the Aberdeen Group has a strong track record and there is demand for those products. Product development is both market-driven and client-demand led, focusing on products which provide optimised returns. Distribution of the Aberdeen Group's products is supported by the promotion of the Aberdeen brand through a co-ordinated series of local and regional name awareness initiatives and sponsorship opportunities.

##### *Global reach*

AuM by client domicile:	Sep-14 %	Sep-15 %	Sep-16 %	Mar-17 %
UK	57.4%	59.7%	57.4%	57.0%
Europe ex. UK	17.1%	16.1%	18.5%	19.3%
Asia	7.7%	7.1%	5.9%	5.8%
Americas	14.1%	14.7%	16.3%	16.6%
Middle East & Africa	3.7%	2.4%	1.9%	1.3%
Total (£bn)	<b>324.4</b>	<b>283.7</b>	<b>312.1</b>	<b>308.1</b>

The Aberdeen Group's global network of 38 offices and investment centres across 27 countries supports a uniformly high standard of local client service. Where possible, its client relationship teams are located close to investors. The Aberdeen Group continues to expand and deepen its distribution footprint to enhance client service and create new business opportunities.

The UK accounts for 57% of the Aberdeen Group's clients by AuM, (approximately £176 billion as at 31 March 2017). Its headquarters are in Aberdeen, where many Aberdeen Group functions are located. The Aberdeen Group's largest office is in London, which is the investment centre for GEM (ex. Asia), UK and European equities, fixed income and fund of alternatives teams. Edinburgh is the investment centre for the global equities and multi-asset team.

The Aberdeen Group has a significant presence across Continental Europe with 12 regional offices in 12 countries. Europe, excluding the UK, accounts for 19% of Group AuM. Luxembourg is the domicile for the Aberdeen Global fund range which has gross AuM of £24.7 billion. The Middle East and Africa are serviced from London and Abu Dhabi. Around 1% of AuM is managed for institutional and sovereign wealth entities in those regions.

Singapore is the Asian headquarters of the Aberdeen Group and is home to most of its Asia fund managers covering the main asset classes as well as substantial marketing, client servicing and administrative functions.

Other full service offices in Asia-Pacific are in Bangkok, Hong Kong, Kuala Lumpur, Sydney and Tokyo. Clients in Asia account for around 6% of AuM and investments in Asian equities, fixed income and property are core competencies for the Aberdeen Group.

Philadelphia is the hub for North America and includes fixed income, US equities and property teams. There is also a growing office in New York which houses the high-yield, total return bond and certain alternatives teams and brings enhanced distribution and client penetration in the US market. Acquisitions in 2015 of Arden Asset Management LLC and FLAG Capital Management LLC

have continued to grow Aberdeen's US footprint, particularly in alternative investments. 17% of the Aberdeen Group's AuM is managed on behalf of clients throughout the Americas through a strong platform servicing both institutional and wholesale channels.

In addition, the Aberdeen Group has a Toronto office to service its Canadian client base. A research office in São Paulo is for emerging market equity. The Americas team also covers Latin American clients investing in the Aberdeen Group's Luxembourg fund range.

## **5. CURRENT BUSINESS AND PROSPECTS**

### *Market overview*

From an investment perspective, 2016 was a year of relative calm punctuated by dramatic bouts of volatility. While modest economic growth, low inflation and low interest rates prevailed, uncertainty arose from the stock market rout at the start of the year, the UK's decision to leave the European Union (EU) and the strength of reaction to the result of the Presidential election in the US.

Key themes in 2016 included the rise of populist, anti-establishment political movements to counter perceived income inequality, ageing populations in the West, an excess of savings over investment, weak productivity and continued low interest rates. While many of these trends show little sign of abating, 2017 has thus far been a relatively stable climate for investment with most global equity indices evidencing healthy gains in the year to date. However, there are still a number of uncertainties which could prove to be potential headwinds to global growth and hence negatively impact investor sentiment, most notably:

- the shape of any future Brexit deal between the UK and the EU;
- the impact of the new US presidential administration on global trade policy and trade barriers; and
- the impact on the US Dollar of the Federal Reserve's monetary policy.

In this environment, dominated by macro themes and government and central bank policies, the performance of an asset can be equally as dependent on liquidity flows as the underlying investment case. For Aberdeen, the macro environment has a significant impact on the demand for its products and investment performance. Investor sentiment towards emerging markets has turned more positive in early 2017, having stalled in the weeks after the US presidential election result. However, while the IMF has recently upgraded its global growth forecasts, political events may continue to generate volatility.

### **Changing client needs**

Large global institutions still represent the majority of Aberdeen's clients but the landscape is continually evolving. There is a gradual withdrawal of governments as pension providers and increasingly the need for individuals to save for their own retirement. This has resulted in a move towards individual wealth management, the removal of assets from third party managers by large sovereign wealth funds, and insurers and larger institutions taking capabilities in-house. These shifts mean that increasingly the buyers of asset management services are individuals rather than the institutions of the past. Changes in legislation have also empowered retirees to make more of their own investment decisions and individuals are increasingly demanding immediacy, simplicity, transparency and personalisation.

In addition, different generations of investors have different needs and expectations. The world's wealth currently lies largely with the 'baby boomer' generation, who are focused on capital preservation. Younger generations, who are unlikely to receive the same extent of state support when they retire, will have to start saving for their future as early as possible. They typically want outcome-oriented products designed to accumulate and grow their contributions over a 30 to 40 year period so they have a sizable pot of money when it comes to retirement. They also typically have a different approach to technology, transparency and risk meaning customisation of services and products is essential.

### **Advances in innovation and technology**

While historically the costs of accessing the mass market were prohibitive, advancements in technology allow this market to be more easily served, at low cost in large volumes. Aberdeen believes that technology is likely to have a transformative impact on the asset management industry and the means by which investments are made available to investors and continues to position its business to cater for this, as evidenced by the 2016 acquisition of Parmenion Capital Partners in the UK.

#### *Active versus passive*

The growth in passively-run index trackers has continued to gain pace in recent years, propelled by the US market and the inability of many active strategies to consistently outperform their benchmarks net of fees. Market access to passive investing is cheap and ubiquitous through passive funds and ETFs. Low cost products are attractive in a low return environment. This shift is also being driven by the move towards outcome-oriented investments. Many institutions such as pension funds and insurers are liability driven: they have fixed obligations which must be met on a regular basis and so delivering performance against a specific need has become far more pressing than simply beating the benchmark. This trend is resulting in a move in focus away from investment performance towards asset allocation.

One evolution in recent years, which seeks to bridge the gap in the active versus passive debate, has been the emergence of smart beta products. They offer some of the benefits of both active and passive investment strategies, using factor-based attributes such as style biases or volatility. Multi-factor models, where the manager chooses which 'tilt' to apply, are especially popular in Europe. The factors are selected to be different from the market cap indices such as FTSE or S&P, but seek to match attributes such as volatility, quality and value which are tailored to needs of clients. For Aberdeen, offering leading products across the active smart beta passive spectrum, is a strategic priority.

#### *New solutions to provide diversification*

Investment markets are inherently cyclical and different asset classes perform well at different times. Multi-asset investments provide a strategy to capitalise on this, offering a range of benefits to investors, including greater confidence in being able to generate long-term growth, enhanced returns, reduced volatility and, in some cases, additional tail protection. They also allow investors to move away from regular equities and bonds, making them a key part of corporate strategy across the investment management field. The demand for multi-asset strategies has fuelled a growth in alternative products. Alternatives covers a broad range of capabilities. Whereas once investing in hedge funds used to dominate discussions, increasingly favour has turned to private investments, notably private equity, infrastructure and private debt. It is now more important for asset managers to have these capabilities to provide a truly diversified offering to clients and meet

the wide spectrum of needs. Aberdeen has responded to this development and, following the purchase of Scottish Widows Investment Partnership Limited in 2014, has made a series of acquisitions to incorporate a far wider universe of asset classes into its investment proposition, to allow the Aberdeen business to serve its clients better.

### *Regulation*

The financial crisis altered the regulatory landscape for asset managers. Globally, regulators are focused on protecting investors and trying to restore confidence in the integrity of markets. But the uptick in regulatory scrutiny across common themes such as market abuse, investor protection, transparency, cyber-security, culture and governance, is also adding to industry complexity and requiring managers to be agile in responding to change.

In the UK, the FCA's extensive review into competition in the asset management industry sought to address whether the industry operates in the most efficient and effective way possible for the benefit of clients and end-customers. The FCA's suggested remedies should help to strengthen confidence and competition in the UK asset management industry, making it more attractive on the global stage by leading the way in best practice.

In Europe, the updated Markets in Financial Instruments Directive (MiFID II) comes into force in 2018. These new rules are the most comprehensive the industry has ever seen and include transaction and trade reporting, market, research, product development and distribution changes. This will bring improved transparency to the market for regulators and clients and will bring improved investor protection.

### *Corporate strategy*

Aberdeen is committed to retaining its position as a leading diversified asset manager. In order to achieve this, Aberdeen's strategic priorities are to:

- enhance, develop and grow its investment capabilities to meet the changing profile and needs of its clients and end-customers;
- provide high levels of client service and access new pools of investor capital;
- achieve long term business efficiencies and maintain a healthy balance sheet; and
- recruit, develop and retain talented and motivated employees.

### *Business model*

Aberdeen has grown and developed into a full-service asset manager, with capabilities across a range of traditional and non-traditional asset classes. Today, Aberdeen has six asset classes covering equities, fixed income, multi-asset, alternatives, quantitative investments and property. The Aberdeen solutions team works across all six asset classes to help clients achieve their investment objectives. Aberdeen's skills across all investment classes enable the business to meet the increasingly diversified needs of its clients.

Aberdeen's revenues are principally generated from the management fees charged based on the value of AuM managed for clients. These fees are expressed as basis points ("bps") and largely depend on the investment strategy, amount of money managed and the channel. Product mix

therefore has an impact on levels of revenue growth. Aberdeen gains and retains clients through its investment processes, long-term focus, client service, full-service capability and track record for managing assets and generating long-term performance.

Staff salaries, variable pay and related staff costs comprise 63% of Aberdeen’s cost base. For the remaining non-staff costs, its largest suppliers include the major outsourcing providers for investment back office and transfer agency; software and market data costs; and marketing and sponsorship costs to promote the brand and specific products and capabilities.

Given the risks of market volatility, Aberdeen seeks to control its cost base by being efficient across economic cycles. The business has a strong track record of managing costs in a controlled manner and increasing long-term business efficiency.

On an ongoing basis, Aberdeen reviews, develops and deepens its capabilities to meet its clients’ needs. It also makes selective acquisitions and recruitment decisions to diversify its expertise, markets, channels and clients to deliver a more resilient business model.

### *Clients*

Aberdeen manages assets solely on behalf of third party clients who span the full spectrum of institutional to retail investors. Key institutional clients include pension funds, insurers, sovereign wealth funds, governments and local authorities, charities and financial institutions, to which Aberdeen provides both pooled and segregated investment management. In the retail investment market, Aberdeen supports wealth managers, private banks and financial advisers, as well as making its investment products available directly to private investors in some markets.

AuM by client type:	Sep-15 %	Sep-16 %	Mar-17 %
Insurance	43.0%	44.0%	45.0%
Open-ended funds	24.0%	25.0%	27.0%
Pension funds	15.0%	15.0%	15.0%
Other institutional	10.0%	7.0%	6.0%
Closed-end funds	5.0%	6.0%	5.0%
Central banks & government agencies	3.0%	3.0%	2.0%
<b>Total (£bn)</b>	<b>283.7</b>	<b>312.1</b>	<b>308.1</b>

## **6. INVESTMENT PROCESS**

At Aberdeen, every asset class, and every strategy within it, has a transparent investment process developed over multiple market cycles. A robust focus on long-term value creation is at the heart of the investment approach. Although the processes vary, common features include:

- *First-hand research:* Aberdeen’s investment professionals are always in or near to the territories in which they invest. By conducting first hand-research, Aberdeen gets a complete picture of financial trends, risks and opportunities – from the local level up.
- *Team-based investing:* Aberdeen believes talented, diverse and close-knit teams deliver consistently better results than individuals. All stages of its investment processes rely on collegiate thinking.
- *Risk focus:* Aberdeen’s goal is always to deliver returns at an acceptable level of risk. Diversification, risk analysis at each stage, plus robust knowledge of every holding, help the business smooth volatility and minimise potential loss.

- *Long-term view:* While retaining the flexibility for tactical investing, Aberdeen realises returns for our clients primarily by taking long-term, high-conviction positions in quality investments.

AuM by class (£bn):	Sep-14	Sep-15	Sep-16	Mar-17
Equities	107.6	80.1	89.1	88.2
% of total	33.2%	28.2%	28.6%	28.6%
Fixed income	71.4	65.6	70.0	65.4
% of total	22.0%	23.1%	22.4%	21.2%
Aberdeen Solutions <sup>(1)</sup>	125.0	119.0	134.5	136.3
% of total	38.5%	42.0%	43.1%	44.3%
Property	20.4	19.0	18.5	18.2
% of total	6.3%	6.7%	5.9%	5.9%
<b>Total</b>	<b>324.4</b>	<b>283.7</b>	<b>312.1</b>	<b>308.1</b>

(1) Aberdeen Solutions asset class includes Multi-asset, Alternatives and Quantitative investments AuM, which have reported separately from Sep-15.

## 7. CURRENT TRADING

Aberdeen published the Aberdeen 2017 Interim Results on 2 May 2017, which are incorporated by reference into this Prospectus as set out in paragraph 19 of Part XVI (*Additional information*) and available for inspection as set out in paragraph 18 of Part XVI (*Additional information*).

As at 31 March 2017, the unaudited AuM of the Aberdeen Group was £308.1 billion.

Buoyant markets for much of the six-month period to 31 March 2017 and the weakness of Pounds Sterling versus other currencies helped to cushion the effects of net outflows of £13.4 billion during the period. The rate of net outflows has slowed from £10.5 billion in the first quarter of 2017 to £2.9 billion in the second quarter, and the revenue effect of these flows has become more balanced, with new business being won at higher margins than is being lost on outflows. The bulk of the net outflows in the first quarter were lower margin and included large redemptions (£4.2 billion) of active equity mandates from a UK wealth manager and a sovereign wealth fund as well as anticipated structural outflows from certain institutional clients.

Aberdeen continued to make progress in its strategy of broadening the range of capabilities attracting inflows from clients. The diversified growth strategy, part of the multi-asset capability, continued to attract client interest and demand. Net inflows for the six months were £0.8 billion. Parmenion, the IFA platform business, recorded net inflows of £0.5 billion during the period, bringing closing AuM to £3.3 billion. There has been strong growth since acquiring this business in January 2016 and the Aberdeen Board is very pleased with the continued progress.

There were also net inflows into emerging market strategies, both equities and debt, during the second quarter.

Profit before taxation for the six-month period was £115.0 million (2016: £98.8 million). Underlying profit, stated before amortisation of intangible assets, acquisition-related items and taxation, was £195.2 million (2016: £162.9million). This represents underlying earnings per share, on a diluted basis, of 11.5p (2016: 9.6p).

Net revenue for the period was boosted by markets and currencies and grew by 10.6% to £534.9 million (2016: £483.6 million) of which performance-related fee income increased to £7.8 million (2016: £1.5 million). The blended average management fee rate for the period has remained steady at 33.7 basis points, in line with the average for 2016.

Operating expenses for the period increased to £346.3 million (2016: £327.7 million), with the weakening of Pounds Sterling adding to the cost base. The Group's operating margin for the period was 35.3%, compared to 32.6% reported for the full year to September 2016. All of the elements of our £70 million cost savings plan were actioned, on schedule, by the end of the period.

Conversion of underlying operating profit to cash has remained strong with core operating cash flow of £152.9 million (2016: £114.3 million), representing a conversion rate of 81.1% (2016: 73.3%). The balance sheet remains healthy with a period-end net cash position of £498.0 million (2016: £401.4 million) and headroom above our regulatory capital requirement has increased to £75.2 million.

## 8. CAPITALISATION AND INDEBTEDNESS

At 31 March 2017, the Aberdeen Group's consolidated net ordinary shareholders' funds were £1,628.0 billion. After adding back the deficit on the profit and loss reserve of £201.3 million, total shareholders' equity excluding the profit and loss reserve amounted to £2,250.1 billion. Aberdeen's consolidated balance sheet at 31 March 2017 showed net assets of £2,048.8 billion.

The following tables set out the capitalisation of the Aberdeen Group as at 31 March 2017 (extracted from the Aberdeen Group's unaudited interim financial information for the half year ended 31 March 2017) and the gross and net financial indebtedness of the Aberdeen Group as at 31 March 2017 (extracted from the Aberdeen Group's unaudited accounting records).

CAPITALISATION	31 March 2017 £m
Bank overdraft	184.6
<b>Total interest bearing loans and borrowings</b>	<b>184.6</b>
<b>Total indebtedness</b>	<b>184.6</b>
Called up share capital	131.8
Share premium account	898.7
Other reserves	798.8
Retained earnings	(201.3)
Non-controlling interests	(0.8)
7.0% Perpetual cumulative capital notes	321.6
5.0% Preference shares	100.0
Total equity	2,048.8
<b>Total capitalisation</b>	<b>2,233.4</b>
NET FINANCIAL INDEBTEDNESS	31 March 2017 £m
A. Cash and cash equivalents	682.6
B. Financial debt	(184.6)
C. Net cash	498.0

There has been no material change to the capitalisation of the Aberdeen Group since 31 March 2017.

As at 31 March 2017 (being not more than 90 days prior to the publication of this Prospectus), the net cash (including contingent and indirect indebtedness) of the Aberdeen Group was £498.0 million.

## 9. NET FINANCIAL LIQUIDITY

The following table shows the net financial liquidity of the Aberdeen Group as at 31 March 2017. The figures have been extracted without material adjustment from the Aberdeen Group's audited accounts.

Cash and cash equivalents

	Sep-15 £m	Sep-16 £m	Mar-17 £m
Cash at bank and in hand	910.0	838.1	582.4
Short-term money market funds	12.3	9.8	100.2
Bank overdraft	(354.6)	(299.1)	(184.6)
Cash and cash equivalents in the statements of cash flows	567.7	548.8	498.0

## 10. LIQUIDITY AND CAPITAL RESOURCES

Overview

Capital risk is the risk that the Aberdeen Group has insufficient capital or financial resources to absorb any losses or meet its commitments as they fall due or that the capital structure is inefficient. An exposure would arise if the Aberdeen Group had insufficient regulatory capital resources to support its strategic objectives and plans, or to meet external stakeholder requirements and expectations or if the amount of potential outflows in any future period less committed inflows is such that the Aberdeen Group is unable to meet its financial obligations as they fall due.

The Aberdeen Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Aberdeen Group's reputation.

*Capital arrangements*

Information on the Aberdeen Group's cash inflows and outflows during the financial years ended 30 September 2014, 30 September 2015 and 30 September 2016 can be found within the Aberdeen Group's Annual Report and Accounts for those years on page 98 in 2014, page 106 in 2015 and page 104 in 2016 and is incorporated by reference herein.

Operating cash flow, before interest and tax, was £362.4 million in the year to 30 September 2016, £530.4 million in the year to 30 September 2015 and £539.9 million in the year to 30 September 2014.

Dividend payments in each of the last three years have been: 2016: £280.4 million, 2015: £277.8 million<sup>16</sup> and 2014: £221.9 million.

The Aberdeen Group manages its cash resources in order to maximise returns on cash deposits and minimise interest on borrowings. The debt facilities available to the Aberdeen Group are described below and include a mixture of fixed rate debt instruments and floating rate bank facilities. Cash held within subsidiaries is kept to a minimum taking into account both country specific regulatory requirements and working capital requirements.

<sup>16</sup> Includes £12 million dividend payment to non-controlling interests.

## **11. DEBT FACILITIES**

Aberdeen has in place a £20 million working capital overdraft facility in addition to two £60 million revolving credit facilities.

As at the Latest Practicable Date, the Aberdeen Group's total outstanding bank loans and overdrafts was £179.6 million.

As at the Latest Practicable Date, the Aberdeen Group had cash balances of £6,521 million. Therefore, the current headroom between facilities available to the Aberdeen Group and amounts drawn under those facilities is substantial and the Aberdeen Group's intention is to maintain the headroom at a healthy level in future.

## **12. CAPITAL ADEQUACY**

In accordance with the CRD IV Directive, as implemented in the UK by the FCA, the Aberdeen Group is required to maintain a minimum level of capital. Following completion of its periodic review in September 2016, Aberdeen was advised by the FCA that the required minimum level of capital that should be held by the Aberdeen Group for regulatory purposes would be increased. The Aberdeen Group's available capital remains comfortably above this new minimum requirement.

The increase in minimum regulatory capital had two roughly equal components. First, the FCA removed the benefit of insurance mitigation when modelling operational risk for Pillar 2 purposes and, secondly, the FCA included an allowance ("scalar") to cover any unsighted and unquantifiable risks that may emerge in addition to the risks included in the Aberdeen Group's Pillar 2 capital requirements.

As a result of these changes, Aberdeen's total regulatory capital requirement is currently £491 million. Since the nature of the risks covered by the new scalar are similar to those previously provided for by Aberdeen through the self-imposed headroom, the Aberdeen Board took the decision that there is no longer a requirement for an additional buffer.

The Aberdeen Group is required to undertake an Internal Capital Adequacy Assessment Process (ICAAP), under which the Aberdeen Board quantifies the level of capital required to meet operational risks; this is referred to as the Pillar 2 capital requirement. The objective of this process is to ensure that firms have adequate capital to enable them to manage their risks which may not be adequately covered under the Pillar 1 requirements. This is a forward-looking exercise which includes stress testing for the effects of major risks. These tests consider how the Aberdeen Group would cope with a significant market downturn, for example, and include an assessment of the Aberdeen Group's ability to mitigate the risks.

**PART IX**  
**FINANCIAL INFORMATION IN RELATION TO STANDARD LIFE AND THE STANDARD LIFE GROUP**

**PART A**  
**Selected historical financial information relating to the Standard Life Group**

**1. SELECTED HISTORICAL FINANCIAL INFORMATION**

The selected financial information for the Standard Life Group set out below has been extracted without material adjustment from the historical financial information incorporated by reference as set out in Part B of this Part below. Investors should read the whole of this Prospectus before making an investment decision and should not rely solely on the summarised information in this Part A.

**1.1 Consolidated income statement**

The table below sets out certain consolidated income statement information of the Standard Life Group for the three years ended 31 December 2016, 31 December 2015 and 31 December 2014, prepared in accordance with IFRS issued by the IASB as adopted by the EU.

**Consolidated income statement**

	2016 £m	2015 £m	2014 £m
Revenue			
<b>Net earned premium</b>	2,092	2,228	2,343
Investment return	15,376	5,460	13,179
Fee income	1,186	1,120	985
Other income	75	84	81
<b>Total revenue</b>	<b>18,729</b>	<b>8,892</b>	<b>16,588</b>
<b>Total expenses</b>	<b>18,003</b>	<b>8,386</b>	<b>15,952</b>
Share of profit from associates and joint ventures	63	43	36
<b>Profit before tax</b>	<b>789</b>	<b>549</b>	<b>672</b>
Tax expense attributable to policyholders' returns	302	134	250
<b>Profit before tax expense attributable to equity holders' profits</b>	<b>487</b>	<b>415</b>	<b>422</b>
<b>Total tax expense</b>	370	211	292
Less: Tax attributable to policyholders' returns	(302)	(134)	(250)
<b>Tax expense attributable to equity holders' profits</b>	68	77	42
<b>Profit for the year from continuing operations</b>	<b>419</b>	<b>338</b>	<b>380</b>
Profit from the year from discontinued operations	-	1,147	127
<b>Profit for the year</b>	<b>419</b>	<b>1,485</b>	<b>507</b>
<b>Attributable to:</b>			
Equity holders of Standard Life plc			
From continuing operations	368	276	376
From discontinued operations	-	1,147	127
Equity holders of Standard Life plc	368	1,423	503
Non-controlling interests	51	62	4
	<b>419</b>	<b>1,485</b>	<b>507</b>
<b>Earnings per share from continuing operations</b>			
Basic (pence per share)	18.7	13.5	15.8
Diluted (pence per share)	<b>18.6</b>	<b>13.4</b>	<b>15.7</b>
<b>Earnings per share</b>			
Basic (pence per share)	18.7	69.4	21.1
<b>Diluted (pence per share)</b>	<b>18.6</b>	<b>69.1</b>	<b>21.0</b>

## 1.2 Condensed consolidated balance sheet

The table below sets out certain consolidated balance sheet information of the Standard Life Group for the three years ended 31 December 2016, 31 December 2015 and 31 December 2014, prepared in accordance with IFRS issued by the IASB as adopted by the EU.

### CONDENSED CONSOLIDATED BALANCE SHEET

	2016 £m	2015 £m	2014 £m
<b>Assets</b>			
Intangible assets	572	566	565
Deferred acquisition costs	651	646	771
Investments in associates and joint ventures	7,948	5,719	4,508
Investment property	9,929	9,991	9,041
Property, plant and equipment	89	91	186
Pension and other post-retirement benefit assets	1,093	897	760
Deferred tax assets	42	35	33
Reinsurance assets	5,386	5,515	6,036
Loans	295	811	400
Derivative financial assets	3,534	2,444	4,021
Equity securities and interests in pooled investment funds	83,307	71,679	71,327
Debt securities	67,933	66,657	64,441
Receivables and other financial assets	1,255	1,447	1,248
Current tax recoverable	166	168	191
Other assets	94	89	116
Assets held for sale	263	327	29,338
Cash and cash equivalents	7,938	9,640	10,617
<b>Total assets</b>	<b>190,495</b>	<b>176,722</b>	<b>203,599</b>
<b>Equity attributable to equity holders of Standard Life plc</b>	<b>4,347</b>	<b>4,002</b>	<b>4,672</b>
Non-controlling interests	297	347	278
<b>Total equity</b>	<b>4,644</b>	<b>4,349</b>	<b>4,950</b>
<b>Liabilities</b>			
Non-participating insurance contract liabilities	23,422	21,206	21,841
Non-participating investment contract liabilities	102,063	92,894	88,207
Participating contract liabilities	31,273	29,654	31,276
Deposits received from reinsurers	5,093	5,134	5,642
Third party interest in consolidated funds	16,835	17,196	15,805
Subordinated liabilities	1,319	1,318	1,612
Pension and other post-retirement benefit provisions	55	33	44
Deferred income	198	236	276
Deferred tax liabilities	259	205	214
Current tax liabilities	113	113	172
Derivative financial liabilities	965	1,254	1,693
Other financial liabilities	3,916	2,900	3,734
Provisions	227	48	20
Other liabilities	113	99	80
Liabilities of operations held for sale	-	83	28,033
<b>Total liabilities</b>	<b>185,851</b>	<b>172,373</b>	<b>198,649</b>
<b>Total equity and liabilities</b>	<b>190,495</b>	<b>176,722</b>	<b>203,599</b>

### 1.3 Condensed consolidated statement of cash flows

The table below sets out certain consolidated cash flow information of the Standard Life Group for the three years ended 31 December 2016, 31 December 2015 and 31 December 2014, prepared in accordance with IFRS issued by the IASB as adopted by the EU.

#### CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	2016 £m	2015 £m	2014 £m
Net cash flows from operating activities	736	(2,264)	(1,261)
Net cash flows from investing activities	(233)	1,714	(373)
Net cash flows from financing activities	(2,406)	(1,010)	2,764
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,903)</b>	<b>(1,560)</b>	<b>1,130</b>
Cash and cash equivalents at the beginning of the year	9,591	11,243	10,253
Effects of exchange rate changes on cash and cash equivalents	212	(92)	(140)
<b>Cash and cash equivalents at the end of the year</b>	<b>7,900</b>	<b>9,591</b>	<b>11,243</b>

#### PART B

#### Historical financial information relating to the Standard Life Group

The audited consolidated financial statements of the Standard Life Group for the financial years ended 31 December 2016, 31 December 2015 and 31 December 2014, included in the Standard Life 2016 Annual Report, the Standard Life 2015 Annual Report and the Standard Life 2014 Annual Report, together with the auditors' reports thereon and notes thereto, are incorporated by reference into this Prospectus as set out in paragraph 19 of Part XVI (*Additional information*) and available for inspection as set out in paragraph 18 of Part XVI (*Additional information*). Each of these consolidated financial statements was prepared in accordance with IFRS issued by the IASB as adopted by the EU. Each of the consolidated financial statements was audited by PwC and the audit report for each such financial year was unqualified. PwC is a firm of chartered accountants registered with the Institute of Chartered Accounts in England and Wales.

## PART C Capitalisation and indebtedness

The following tables show the capitalisation of the Standard Life Group as at 31 December 2016 and the indebtedness of the Standard Life Group (excluding joint ventures and associates) as at 31 March 2017. With the exception of capitalisation balances which are extracted without material adjustment from the Standard Life Group's audited financial statements, which are incorporated by reference into this Prospectus as set out in paragraph 19 of Part XVI (*Additional information*) and available for inspection as set out in paragraph 18 of Part XVI (*Additional information*), the balances below are extracted without material adjustment from unaudited information contained in underlying financial accounting systems and other management documents of the Standard Life Group.

### CAPITALISATION

	As at 31 December 2016 £m
<b>Capital</b>	
Ordinary share capital	240
<b>Capital reserves</b>	
Share premium	634
Merger reserve	2,080
Reconstruction reserve	(1,879)
Special reserve	241
	1,076
<b>Total capital and capital reserves</b>	<b>1,316</b>

### Notes

- (1) 'Shares held by trusts', 'other reserves' (including currency translation reserve, owner occupied properties reserve, available-for-sale financial assets reserve and equity compensation reserves, and capital redemption reserve), retained earnings and non-controlling interests are not included in the Capitalisation table above.

There has been no material change in the issued share capital of Standard Life since 31 December 2016.

### NET INDEBTEDNESS

The Standard Life Group operates within a capital management framework whereby business units are capitalised to meet relevant solvency requirements and any surplus being paid up to Standard Life (as parent company of the Standard Life Group). As a result Standard Life holds the majority of the deployable resources of the Standard Life Group. At 31 December 2016, Standard Life held £900 million of cash and liquid resources, with an additional £400 million available through its syndicated revolving credit facility which was undrawn.

The indebtedness of the Standard Life Group as at 31 March 2017 is shown in the tables below, consistent with how management monitor the external borrowings levels of the Standard Life Group.

<b>Indebtedness as at 31 March 2017</b>	<b>£m</b>
Core structural borrowings (see (a) below)	1,320
Operational borrowings (see (b) below)	6
Bank overdrafts	57
<b>Total indebtedness</b>	<b>1,383</b>
<b>(a) Core structural borrowings</b>	
Subordinated Debt <sup>(i)</sup>	
5.5% Sterling fixed rate notes due 2042	506
6.75% Sterling fixed rate perpetual bond	511
6.546% Sterling fixed rate perpetual bond	303
<b>Total structural borrowings</b>	<b>1,320</b>
<b>(b) Operational borrowings</b>	
Mortgages <sup>(ii)</sup>	6

(i) Subordinated debt issued by Standard Life ranks below its senior obligations and ahead of its ordinary share capital.

(ii) These mortgages relate to residential properties held through a pension product sold in Ireland and are classified within other financial liabilities.

### **Contingent liabilities and contingent indebtedness as at 31 March 2017**

The Standard Life Directors have confirmed that there has been no material adverse change in outstanding contingent liabilities since 31 December 2016 as set out in note 45 of the Standard Life 2016 Annual Report.

As at 31 March 2017, Standard Life had access to undrawn committed borrowing facilities of £400 million.

**PART X**  
**OPERATING AND FINANCIAL REVIEW OF THE STANDARD LIFE GROUP**

The operating and financial review of the Standard Life Group should be read in conjunction with Part II (*Risk factors*) and the Standard Life 2016 Annual Report, the Standard Life 2015 Annual Report and the Standard Life 2014 Annual Report, which are incorporated into this Prospectus by reference as explained in Part B of Part IX (*Financial information in relation to Standard Life and the Standard Life Group*) and paragraph 19 of Part XVI (*Additional information*) and available for inspection in accordance with paragraph 18 of Part XVI (*Additional information*).

**1. DOCUMENTS INCORPORATED BY REFERENCE**

The following documents contain relevant information about the Standard Life Group and have been filed with, or notified to, the FCA and are available for inspection in accordance with paragraph 18 of Part XVI (*Additional information*): (i) the Standard Life 2016 Annual Report; (ii) the Standard Life 2015 Annual Report; and (iii) the Standard Life 2014 Annual Report.

Subject to the following sentence, the tables below set out the sections of these documents which are incorporated by reference into, and form part of, this Part. The operating and financial review of the Standard Life Group is a discussion and analysis of the Standard Life Group's past performance and, to the extent that any of the sections referred to in the tables below contain outlook information and other forward-looking statements, such statements shall not be incorporated by reference into this Prospectus.

**2. INFORMATION INCORPORATED BY REFERENCE FROM THE STANDARD LIFE 2016 ANNUAL REPORT**

The following pages are incorporated by reference from the Standard Life 2016 Annual Report.

<b>Information</b>	<b>Pages</b>
Message from Chairman	4 - 5
Chief Executive's overview	6 - 7
Our business model and strategic objectives	8 - 19
Chief Financial Officer's overview	20 - 25
Standard Life Investments	26 - 29
Pensions and Savings	30 - 33
India and China	34 - 35
Risk management	36 - 41
Consolidated income statement	113
Consolidated statement of comprehensive income	114
Pro forma reconciliation of consolidated operating profit to profit for the year	115
Consolidated statement of financial position	116
Consolidated statement of changes in equity	117

<b>Information</b>	<b>Pages</b>
Consolidated statement of cash flows	119
Notes to the Group financial statements	124 - 219
Supplementary Information – alternative performance measures	236 - 238

### **3. INFORMATION INCORPORATED BY REFERENCE FROM THE STANDARD LIFE 2015 ANNUAL REPORT**

The following pages are incorporated by reference from the Standard Life 2015 Annual Report.

<b>Information</b>	<b>Pages</b>
Chairman’s statement	2 - 3
Chief Executive Officer’s overview	6 - 7
Our business	8 - 13
Chief Financial Officer’s overview	14 - 18
Business performance	19 - 30
Risk management	31 - 36
Consolidated income statement	109
Consolidated statement of comprehensive income	110
Pro forma reconciliation of consolidated operating profit to profit for the year	111
Consolidated statement of financial position	112
Consolidated statement of changes in equity	113 - 114
Consolidated statement of cash flows	115
Notes to the Group financial statements	120 - 236

### **4. INFORMATION INCORPORATED BY REFERENCE FROM THE STANDARD LIFE 2014 ANNUAL REPORT**

The following pages are incorporated by reference from the Standard Life 2014 Annual Report.

<b>Information</b>	<b>Pages</b>
Chairman’s statement	4
Chief Executive’s overview	5 - 7
Group key financial performance indicators	8
Chief Financial Officer’s overview	9 - 14
Business segment performance	15 - 25
Principal risks and uncertainties	26 - 29

<b>Information</b>	<b>Pages</b>
Remuneration policy	75 - 86
Consolidated income statement	110
Consolidated statement of comprehensive income	111
Pro forma reconciliation of consolidated operating profit to profit for the year	112
Consolidated statement of financial position	113
Consolidated statement of changes in equity	114
Consolidated statement of cash flows	115
Notes to the Group financial statements	135 - 237

**PART XI**  
**FINANCIAL INFORMATION IN RELATION TO ABERDEEN AND THE ABERDEEN GROUP**

**PART A**  
**Selected historical financial information relating to the Aberdeen Group**

The selected financial information for the Aberdeen Group set out in this Part A has been extracted without material adjustment from the historical financial information set out in Part B of this Part. Investors should read the whole of this Prospectus before making an investment decision and not rely solely on the summarised information in this Part A.

**1. CONSOLIDATED INCOME STATEMENT**

The table below sets out certain consolidated income statement information relating to the Aberdeen Group for the three years ended 30 September 2016, 30 September 2015 and 30 September 2014 (which is audited) and for the six months ended 31 March 2017 (which is unaudited) and, for comparative purposes, for the six months ended 31 March 2016 (which is unaudited), prepared in accordance with IFRS issued by the IASB as adopted by the EU.

**SUMMARISED CONSOLIDATED INCOME STATEMENT**

	Six Months ended 31 March 2017	Six Months ended 31 March 2016	2016	2015	2014
Net revenue	£534.9m	£483.6m	£1,007.1m	£1,169.0m	£1,117.6m
<b>Underlying results: before amortisation, restructuring and acquisition-related costs:</b>					
Underlying operating profit	£188.6m	£ 155.9m	£ 328.1m	£ 498.7m	£ 490.4m
Underlying profit before tax	£ 195.2m	£ 162.9m	£ 352.7m	£ 491.6m	£ 490.3m
Underlying diluted EPS	11.5p	9.6p	20.7p	30.0p	31.1p
<b>Statutory results:</b>					
Statutory profit before tax	£ 115.0m	£ 98.8m	£ 221.9m	£ 353.7m	£ 354.6m
Statutory diluted EPS	6.1p	5.4p	12.6p	21.8p	22.8p

**2. CONSOLIDATED BALANCE SHEET**

The table below sets out certain consolidated balance sheet information relating to the Aberdeen Group for the three years ended 30 September 2016, 30 September 2015 and 30 September 2014 (which is audited) and, for the six months ended 31 March 2017 (which is unaudited) and, for comparative purposes, for the six months ended 31 March 2016 (which is unaudited), prepared in accordance with IFRS issued by the IASB as adopted by the EU.

## CONDENSED CONSOLIDATED BALANCE SHEET

	Six months ended 31 March 2017	Six months ended 31 March 2016 (restated <sup>17</sup> )	2016	2015 (restated <sup>17</sup> )	2014
	£m	£m	£m	£m	£m
<b>Assets</b>					
<b>Non-current assets</b>					
Intangible assets	1,438.5	1,525.3	1,489.4	1,486.2	1,552.2
Property, plant & equipment	18.4	23.0	21.5	21.3	21.1
Investments	75.9	62.8	62.9	52.1	54.6
Deferred tax assets	31.9	20.5	32.4	19.9	28.4
Pension surplus	-	30.1	-	30.1	16.6
Trade and other receivables	5.7	4.0	5.2	3.7	3.2
<b>Total non-current assets</b>	<b>1,570.4</b>	<b>1,665.7</b>	<b>1,611.4</b>	<b>1,613.3</b>	<b>1,676.1</b>
<b>Current assets</b>					
Assets backing investment contract liabilities	1,685.9	1,706.0	1,670.6	1,926.1	2,472.9
Trade and other receivables	921.9	458.1	427.1	557.9	490.2
Investments	252.4	247.3	254.6	192.6	85.8
Derivative financial assets	-	53.1	-	29.6	-
Cash and cash equivalents	682.6	537.3	847.9	922.3	653.9
<b>Total current assets</b>	<b>3,542.8</b>	<b>3,001.8</b>	<b>3,200.2</b>	<b>3,628.5</b>	<b>3,702.8</b>
<b>Total assets</b>	<b>5,113.2</b>	<b>4,667.5</b>	<b>4,811.6</b>	<b>5,241.8</b>	<b>5,378.9</b>
<b>Total equity attributable to shareholders of the parent</b>	<b>1,628.0</b>	<b>1,690.2</b>	<b>1,690.9</b>	<b>1,736.5</b>	<b>1,714.2</b>
Non-controlling Interest	(0.8)	(0.5)	(0.6)	(0.1)	40.1
7.0% Perpetual cumulative capital notes	321.6	321.6	321.6	321.6	321.6
5.0% Preference Shares	100.0	100.0	100.0	100.0	-
<b>Total equity</b>	<b>2,048.8</b>	<b>2,111.3</b>	<b>2,111.9</b>	<b>2,158.0</b>	<b>2,075.9</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Deferred contingent consideration	20.3	59.5	45.1	46.8	53.9
Pension deficit	42.5	4.9	48.0	12.0	20.2
Provisions	1.0	-	1.0	5.0	5.0
Deferred tax liabilities	71.1	96.4	80.3	92.7	109.7
<b>Total non-current liabilities</b>	<b>134.9</b>	<b>160.8</b>	<b>174.4</b>	<b>156.5</b>	<b>188.8</b>
<b>Current liabilities</b>					
<b>Investment contract liabilities</b>	<b>1,685.9</b>	<b>1,706.0</b>	<b>1,670.6</b>	<b>1,926.1</b>	<b>2,472.9</b>
Interest bearing loans and borrowings	184.6	135.9	299.1	354.6	-
Trade and other payables	984.8	465.8	512.3	582.0	526.7
Deferred contingent consideration	32.3	-	-	-	38.3
Other liabilities	-	-	-	-	30.5
Current tax payable	41.9	35.4	43.3	34.9	45.8
Derivative financial liabilities	-	52.3	-	29.7	-
<b>Total current liabilities</b>	<b>2,929.5</b>	<b>2,395.4</b>	<b>2,525.3</b>	<b>2,927.3</b>	<b>3,114.2</b>
<b>Total liabilities</b>	<b>3,064.4</b>	<b>2,556.2</b>	<b>2,699.7</b>	<b>3,083.8</b>	<b>3,303.0</b>
<b>Total equity and liabilities</b>	<b>5,113.2</b>	<b>4,667.5</b>	<b>4,811.6</b>	<b>5,241.8</b>	<b>5,378.9</b>

### 3. CONSOLIDATED STATEMENT OF CASH FLOWS

The table below sets out certain consolidated cash flow information relating to the Aberdeen Group for the three years ended 30 September 2016, 30 September 2015 and 30 September 2014 (which is unaudited) and, for comparative purposes, for the six months ended 31 March 2016 (which is unaudited), prepared in accordance with IFRS issued by the IASB as adopted by the EU.

<sup>17</sup> Restated to reflect gross position for cash pooling arrangements.

## SUMMARISED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 31 March 2017 £m	Six months ended 31 March 2016 £m	2016 £m	2015 (restated <sup>18</sup> ) £m	2014 £m
<b>Net cash generated from operating activities</b>	<b>123.2</b>	90.3	306.1	446.4	455.2
<b>Net cash generated (used) in Investing activities</b>	<b>12.4</b>	(85.0)	(69.8)	(259.9)	69.6
<b>Net cash used in financing activities</b>	<b>(194.1)</b>	(203.2)	(323.9)	(265.6)	(286.0)
Net (decrease) increase in cash and cash equivalents	<b>(58.5)</b>	(197.9)	(87.6)	(79.1)	238.8
Cash and cash equivalents at 1 October	<b>548.8</b>	567.7	567.7	653.9	426.6
Exchange rate fluctuations on cash and cash equivalents	<b>7.7</b>	31.6	68.7	(7.1)	(11.5)
<b>Cash and cash equivalents at end of period</b>	<b>498.0</b>	401.4	548.8	567.7	653.9

<sup>18</sup> Restated to reflect gross position for cash pooling arrangements (see note 10).

**PART B**  
**Historical financial information relating to the Aberdeen Group**

The audited consolidated financial statements of the Aberdeen Group for the financial years ended 30 September 2016, 2015 and 2014 included in the Aberdeen 2016 Annual Report, Aberdeen 2015 Annual Report and Aberdeen 2014 Annual Report, respectively, together with the auditors' reports thereon and the notes thereto and the Aberdeen 2016 Interim Results and the Aberdeen 2017 Interim Results, are incorporated by reference into this Prospectus as set out in paragraph 19 of Part XVI (*Additional information*) and available for inspection as set out in paragraph 18 of Part XVI (*Additional information*). Each of these consolidated financial statements was prepared in accordance with IFRS as adopted by the EU. As applied to the Aberdeen Group in these consolidated financial statements, there are no material differences from IFRS as issued by the IASB; therefore, these consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB. Each of the consolidated financial statements was audited by PwC and the audit report for each such financial year was unqualified. PwC is a firm of chartered accountants registered with the Institute of Chartered Accounts in England and Wales.

The unaudited consolidated financial statements of the Aberdeen Group in the interim results for the six months ended 31 March 2017 and 31 March 2016, included in the Aberdeen 2017 Interim Results and Aberdeen 2016 Interim Results, together with the notes thereto, are also incorporated by reference into this Prospectus as set out in paragraph 19 of Part XVI (*Additional information*) and available for inspection as set out in paragraph 18 of Part XVI (*Additional information*). Each of these consolidated financial statements was prepared in accordance with IFRS as adopted by the EU. As applied to the Aberdeen Group in these consolidated financial statements, there are no material differences from IFRS as issued by the IASB; therefore, these consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB.

**PART XII**  
**UNAUDITED PRO FORMA FINANCIAL INFORMATION**

**PART A**  
**Unaudited pro forma financial information relating to the Combined Group**

The unaudited pro forma income statement of the Combined Group has been prepared based on the consolidated statement of income of the Standard Life Group for the year ended 31 December 2016 and the consolidated income statement of the Aberdeen Group for the year ended 30 September 2016 to illustrate the effect on the income statement of the Standard Life Group of the Merger as if it had taken place as at 1 January 2016.

The unaudited pro forma statement of net assets of the Combined Group has been prepared based on the audited consolidated balance sheet of the Standard Life Group as at 31 December 2016 and the unaudited consolidated balance sheet of the Aberdeen Group as at 31 March 2017 to illustrate the effect on the net assets of the Standard Life Group of the Merger as if it had taken place as at 31 December 2016.

The unaudited pro forma income statement of the Combined Group and the unaudited pro forma statement of net assets of the Combined Group together form the unaudited pro forma financial information.

The unaudited pro forma financial information set out in this Part has been prepared for illustrative purposes only and, by its nature, addresses a hypothetical situation and, therefore, does not represent the Standard Life Group's or the Combined Group's actual financial position or results.

The unaudited pro forma financial information has been prepared on a consistent basis with the accounting policies and presentation adopted by the Standard Life Group in relation to the period ended 31 December 2016 on the basis of the notes set out below and in accordance with Annex II to the PD Regulation. The adjustments in the unaudited pro forma financial information are expected to have a continuing impact on the Combined Group, unless stated otherwise.

Furthermore, the unaudited pro forma financial information set out in this Part does not constitute financial statements within the meaning of section 434 of the CA 2006.

## 1. Unaudited pro forma income statement relating to the Combined Group

	Standard Life Group as at 31 December 2016 Note 1 £m	Adjustments			Pro forma Combined Group £m
		Aberdeen Group as at 30 September 2016 Note 2 £m	Adjustments to conform to disclosures Note 3 £m	Acquisition adjustments Note 4 & 5 £m	
<b>Revenue</b>					
Gross earned premium	2,139				2,139
Premium ceded to reinsurers	(47)				(47)
<b>Net earned premium</b>	<b>2,092</b>				<b>2,092</b>
Investment return	15,376		23		15,399
Net gains (losses) on investments		23	(23)		-
Fee income	1,186	1,114			2,300
Other income	75		18		93
<b>Total revenue</b>	<b>18,729</b>	<b>1,137</b>	<b>18</b>		<b>19,884</b>
<b>Expenses</b>					
Claims and benefits paid	4,801				4,801
Claim recoveries from reinsurers	(492)				(492)
<b>Net insurance benefits and claims</b>	<b>4,309</b>				<b>4,309</b>
Change in reinsurance assets and liabilities	140				140
Change in insurance and participating contract liabilities	2,115				2,115
Change in unallocated divisible surplus	53				53
Change in non-participating investment contract liabilities	8,768				8,768
Expenses under arrangements with reinsurers	509				509
Commission payable		107	(107)		-
Operating expenses		679	(679)		-
Amortisation and impairment of intangible assets		128	(128)		-
Administrative expenses					
Restructuring and corporate transaction expenses	62	(1)	18	95	174
Other administrative expenses	1,494		914		2,408
<b>Total administrative expenses</b>	<b>1,556</b>	<b>913</b>	<b>18</b>	<b>95</b>	<b>2,582</b>
Provision for annuity sales practices	175				175
Change in liability for third party interest in consolidated funds	296				296
Finance costs	82	2			84
<b>Total expenses</b>	<b>18,003</b>	<b>915</b>	<b>18</b>	<b>95</b>	<b>19,031</b>
Share of profit from associates and joint ventures	63				63
<b>Profit before tax</b>	<b>789</b>	<b>222</b>	<b>-</b>	<b>(95)</b>	<b>916</b>
Tax expense attributable to policyholders' returns	302				302
<b>Profit before tax expense attributable to equity holders' profits</b>	<b>487</b>	<b>222</b>	<b>-</b>	<b>(95)</b>	<b>614</b>
<b>Total tax expense</b>	<b>370</b>	<b>33</b>		<b>(2)</b>	<b>401</b>
Less: Tax attributable to policyholders' returns	(302)				(302)
<b>Tax expense attributable to equity holders' profits</b>	<b>68</b>	<b>33</b>		<b>(2)</b>	<b>99</b>
<b>Profit for the year</b>	<b>419</b>	<b>189</b>	<b>-</b>	<b>(93)</b>	<b>515</b>
<b>Attributable to:</b>					
Equity holders of Standard Life plc	368	165	-	(93)	440
Other equity holders		25	-	-	25
Non-controlling interests	51	(1)	-	-	50
	<b>419</b>	<b>189</b>	<b>-</b>	<b>(93)</b>	<b>515</b>

### Notes

- (1) The figures for the Standard Life Group have been extracted without adjustment from the audited financial statements of the Standard Life Group for the year ended 31 December 2016 incorporated by reference into this Prospectus as set out in paragraph 19 of Part XVI (*Additional information*).

- (2) The figures for the Aberdeen Group have been extracted without material adjustment from the audited financial statements of the Aberdeen Group for the year ended 30 September 2016 incorporated by reference into this Prospectus as set out in paragraph 19 of Part XVI (*Additional information*).
- (3) This column reflects the following reclassifications to align the presentation of the Aberdeen Group's income statement to that of the Standard Life Group:
- (i) The Aberdeen Group discloses "Commissions payable", "Operating expenses" and "Amortisation and impairment of intangible assets" separately on its income statement whereas the Standard Life Group discloses these items within "Other administrative expenses". This resulted in a £914 million reclassification between the aforementioned line items.
  - (ii) Within line item "Restructuring and acquisition-related income (costs)" the Aberdeen Group have included £18 million in relation to a "Reduction in fair value of deferred consideration" whereas the Standard Life Group discloses this item within "Other Income". This has been reclassified between the aforementioned line items.
  - (iii) The Aberdeen Group discloses "Net gains (losses) on investments" separately on its income statement whereas the Standard Life Group discloses this item within "Investment return". This resulted in a £23 million reclassification between the aforementioned line items.
- (4) This column reflects the following adjustments:
- (i) An adjustment of £95 million charge within the line item "restructuring and corporate transaction expenses" representing an estimate of the transaction costs incurred (inclusive of an estimate for irrecoverable VAT).
  - (ii) An adjustment of £2 million credit within the line item "Tax expense attributable to equity holders' profits" representing a current tax credit on tax-deductible transaction costs incurred as described in Note 4(i) above. The tax rate used is 20% which reflects the average UK corporation tax rate for the year ended 31 December 2016.
  - (iii) As described in Note 5 to the pro forma statement of financial position, a fair valuation exercise will be undertaken on completion of the Merger, which will include fair valuation of the investment management and customer contracts and other intangibles attaching to the Aberdeen Group's business. On completion of the Merger these customer-related intangible assets will replace the Aberdeen Group's existing management contracts intangibles. Under IFRS it is necessary to amortise these customer-related intangible assets on a systematic basis over the useful lifetime of the related contracts. On completion of the Merger, the amortisation charge relating to the new customer-related intangible assets will replace the Aberdeen Group's existing management contracts amortisation charge. Given that the fair valuation exercise will not be performed until completion of the Merger, the actual rate of amortisation will also not be known until completion of the Merger. In preparing the adjustments no account has therefore been taken of this increased amortisation charge relating to intangible assets.
- (5) In preparing the unaudited pro forma income statement, no account has been taken of the trading activity or other transactions of the Standard Life Group since 31 December 2016 or the Aberdeen Group since 30 September 2016. Neither has any adjustment been made for any synergies, or related costs (which will be incurred post transaction), which are anticipated to be achieved from the Merger. None of the adjustments described in Note 4 will have a continuing impact, with the exception of the adjustment in relation to the amortisation charges relating to any new customer-related intangible assets described in Note 4(iii).

## 2. Unaudited pro forma statement of net assets relating to the Combined Group

	Standard Life Group as at 31 December 2016 Note (1) £m	Adjustments			Pro forma Combined Group £m
		Aberdeen Group as at 31 March 2017 Note (2) £m	Adjustments to conform to disclosures Note (3) £m	Acquisition adjustments Note (4), (5), (6) & (7) £m	
<b>Assets</b>					
Intangible assets	572	1,439		2,163	4,174
Deferred acquisition costs	651				651
Investments in associates and joint ventures	7,948				7,948
Investment property	9,929				9,929
Property, plant and equipment	89	18			107
Pension and other post-retirement benefit assets	1,093				1,093
Deferred tax assets	42	32			74
Reinsurance assets	5,386				5,386
Loans	295				295
Derivative financial assets	3,534				3,534
Investments		328	(328)		-
Assets backing investment contract liabilities		1,686	(1,686)		-
Equity securities and interests in pooled investment funds	83,307		1,756		85,063
Debt securities	67,933				67,933
Receivables and other financial assets	1,255	928	(9)		2,174
Current tax recoverable	166				166
Other assets	94		22		116
Assets held for sale	263		201		464
Cash and cash equivalents	7,938	683	44	(99)	8,566
<b>Total assets</b>	<b>190,495</b>	<b>5,114</b>	<b>-</b>	<b>2,064</b>	<b>197,673</b>
<b>Liabilities</b>					
Non-participating insurance contract liabilities	23,422				23,422
Non-participating investment contract liabilities	102,063	1,686			103,749
Participating contract liabilities	31,273				31,273
Deposits received from reinsurers	5,093				5,093
Third party interest in consolidated funds	16,835		55		16,890
Subordinated liabilities	1,319				1,319
Pension and other post-retirement benefit provisions	55	42			97
Deferred income	198		3		201
Deferred tax liabilities	259	71			330
Current tax liabilities	113	42		(2)	153
Derivative financial liabilities	965				965
Other financial liabilities	3,916		1,165		5,081
Deferred contingent consideration		53	(53)		-
Trade and other payables		985	(985)		-
Interest bearing loans and borrowings		185	(185)		-
Provisions	227	1			228
Other liabilities	113				113
<b>Total liabilities</b>	<b>185,851</b>	<b>3,065</b>	<b>-</b>	<b>(2)</b>	<b>188,914</b>
<b>Net assets</b>	<b>4,644</b>	<b>2,049</b>	<b>-</b>	<b>2,066</b>	<b>8,759</b>

### Notes

- (1) The net assets of the Standard Life Group have been extracted without adjustment from the audited financial statements of the Standard Life Group as at 31 December 2016 incorporated by reference into this Prospectus as set out in paragraph 19 of Part XVI (*Additional information*).
- (2) The Aberdeen Group net assets have been extracted without adjustment from the unaudited condensed interim financial statements of the Aberdeen Group as at 31 March 2017 incorporated by reference into this Prospectus as set out in paragraph 19 of Part XVI (*Additional information*).

- (3) This column reflects the following reclassifications to align the presentation of the Aberdeen Group's net assets statement to that of the Standard Life Group:
- (i) The Aberdeen Group discloses "Investments" separately on its balance sheet whereas the Standard Life Group discloses the items contained within this line item across various asset reporting lines within their balance sheet. This resulted in a £328 million reclassification out of "Investments" and into "Assets held for sale" (£196 million), "Equity securities and interests in pooled investments funds" (£119 million) and "Receivables and other financial assets" (£13 million).
  - (ii) The Aberdeen Group discloses "Assets backing investments contracts" separately on its balance sheet whereas the Standard Life Group discloses the items contained within this line item across various asset reporting lines within their balance sheet. This resulted in a £1,686 million reclassification out of "Assets backing investment contracts" and into "Equity securities and interests in pooled investments funds" (£1,637 million) and "Cash and cash equivalents" (£49 million).
  - (iii) Within line item "Receivables and other financial assets" the Aberdeen Group have included £22 million in relation to "prepayments" whereas the Standard Life Group includes such items in "Other assets". This has been reclassified between the aforementioned line items accordingly.
  - (iv) Within line item "Cash and cash equivalents" the Aberdeen Group have included £5 million in relation to "seed capital investments". The Standard Life Group discloses such items in "Assets held for sale". This has been reclassified between the aforementioned line items accordingly.
  - (v) The Aberdeen Group discloses "Deferred contingent consideration" separately on its balance sheet whereas the Standard Life Group discloses this item within "Other financial liabilities". This resulted in a £53 million reclassification between the aforementioned line items.
  - (vi) The Aberdeen Group discloses "Trade and other payables" separately on its balance sheet whereas the Standard Life Group discloses the items contained within this line item across various reporting lines within their balance sheet. This resulted in a £985m reclassification out of "Trade and other payables" and into "Other financial liabilities" (£927 million), "Third party interest in consolidated funds" (£55 million) and "Deferred income" (£3 million).
  - (vii) The Aberdeen Group discloses "Interests bearing loans and borrowings" separately on its balance sheet whereas the Standard Life Group discloses any bank overdrafts within "Other financial liabilities". This resulted in a £185 million adjustment between the aforementioned line items.
- (4) Under IFRS acquisition accounting it is necessary to fair value the consideration paid and all of the assets and liabilities of the acquired business. In the pro forma statement of net assets no adjustments have been made to the fair values of the individual net assets of the Aberdeen Group to reflect any remeasurement to fair value which may arise on the Merger as this exercise will not be undertaken until after the completion of the Merger.
- (5) The adjustments arising as a result of the Merger are set out below:
- (i) The adjustment reflects goodwill arising on the Merger and has been accounted for using the acquisition method of accounting. The excess of consideration over the book value acquired has been reflected as goodwill. A fair value exercise to allocate the purchase price will be completed following the completion of the Merger; therefore no account has been taken in the pro forma of any fair value adjustments that may arise on the acquisition, or for the value of customer-related or other intangibles to be recognised at the date of acquisition.

The equity consideration payable will be through an issuance of new ordinary shares by the Standard Life Group (referred to as “consideration” in these notes). The consideration payable and the calculation of the adjustment to goodwill is set out below:

	Note	£m
Equity consideration	(ii)(a), (ii)(b)	3,791
Less net assets acquired of the Aberdeen Group	(ii)(c)	(610)
Other equity acquired of the Aberdeen Group	(ii)(d)	421
<b>Goodwill and other intangibles arising on acquisition</b>		<b>3,602</b>
Less Aberdeen Group intangible assets already recognised	(ii)(c)	(1,439)
<b>Pro forma adjustment required</b>		<b>2,163</b>

(ii) The consideration is due to be settled as follows:

- (a) The consideration of £3,791 million has been calculated as the issue of 999.9 million shares at a share price of 379.1p being the Closing Price per Standard Life Share on 5 May 2017 and based on the Exchange Ratio for the Merger of 0.757 of a New Share in exchange for each Aberdeen Share.
  - (b) The consideration payable at completion will be different to the consideration included in this pro forma financial information as the number of shares to be issued and the share price will be calculated at the completion date.
  - (c) The net assets acquired of £610 million comprise the net assets of the Aberdeen Group as at 31 March 2017 of £2,049 million net of the elimination of goodwill and other intangibles of £1,439 million included in the Aberdeen Group balance sheet as at 31 March 2017.
  - (d) The adjustment for other equity of the Aberdeen Group relates to the carrying value of the US \$500 million 7.0% perpetual cumulative capital notes and the 5% 2015 non-voting perpetual non-cumulative redeemable preference shares of the Aberdeen Group included in the Aberdeen Group balance sheet as at 31 March 2017. These are classified within total equity of the Aberdeen Group and will result in an adjustment in the calculation of goodwill attributable to the Transaction. As noted above, no account has been taken in the pro forma of any fair value adjustments that may arise on the acquisition. The goodwill calculation at completion will take into account the fair value of the capital notes and preference shares calculated at the completion date.
- (6) Estimated transaction costs of £99 million in association with the acquisition have been allocated to “Cash and cash equivalents” of which £95 million has been charged to the pro forma income statement and £4 million has been capitalised against equity. A related current tax asset of £2 million representing the tax credit on those transaction costs which are tax-deductible is shown within “Current tax liabilities”.
- (7) In preparing the unaudited pro forma net assets statement, no account has been taken of the trading activity or other transactions, including any potential dividend adjustments related to the completion of the Merger as detailed in Part VI of the Prospectus, of the Standard Life Group since 31 December 2016 or the Aberdeen Group since 31 March 2017.

**PART B**  
**Accountant's report on the unaudited pro forma financial information of  
the Combined Group**

The Directors  
Standard Life plc  
Standard Life House  
30 Lothian Road  
Edinburgh  
EH1 2DH  
Scotland

Goldman Sachs  
Goldman Sachs International  
Peterborough Court  
133 Fleet Street  
London  
EC4A 2BB  
United Kingdom

9 May 2017

Dear Sirs

**Standard Life plc (the "Company")**

We report on the pro forma financial information (the "Pro Forma Financial Information") set out in Part A of Part XII (*Unaudited pro forma financial information*) of the Company's prospectus dated 9 May 2017 (the "Prospectus") which has been prepared on the basis described in the notes to the Pro Forma Financial Information, for illustrative purposes only, to provide information about how the proposed merger of the Company and Aberdeen Asset Management PLC (the "Merger") might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the period ended 31 December 2016. This report is required by item 20.2 of Annex I to the PD Regulation and is given for the purpose of complying with that PD Regulation and for no other purpose.

**Responsibilities**

It is the responsibility of the directors of the Company to prepare the Pro Forma Financial Information in accordance with item 20.2 of Annex I to the PD Regulation.

It is our responsibility to form an opinion, as required by item 20.2 of Annex I to the PD Regulation as to the proper compilation of the Pro Forma Financial Information and to report our opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we

---

*PricewaterhouseCoopers LLP, 1 Embankment Place, London, WC2N 6RH*  
T: +44 (0) 2075 835 000, F: +44 (0) 2072 124 652, [www.pwc.co.uk](http://www.pwc.co.uk)

PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.

accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under item 5.5.3R(2)(f) of the Prospectus Rules to any person as and to the extent there provided, 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 item 23.1 of Annex I to the PD Regulation, consenting to its inclusion in the Prospectus.

### **Basis of opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the directors of the Company.

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 Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

### **Opinion**

In our opinion:

- a) the Pro Forma Financial Information has been properly compiled on the basis stated; and
- b) such basis is consistent with the accounting policies of the Company.

### **Declaration**

For the purposes of Prospectus Rule 5.5.3 R(2)(f), we are responsible for this report as part of the Prospectus and we declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex I to the PD Regulation.

Yours faithfully

PricewaterhouseCoopers LLP  
Chartered Accountants

## **PART XIII REGULATORY OVERVIEW**

### **1. Overview**

The Standard Life Group is an investment group that offers active management and long-term savings and investments propositions, including through insurance undertakings. The Aberdeen Group is primarily an asset management group, although it also contains a single insurance undertaking. Both groups contain a number of financial institutions authorised and regulated under the laws of the UK and other jurisdictions. As such, both groups operate in a highly regulated environment. This section of the prospectus is intended to give an overview of the regulatory framework that currently applies to the Standard Life Group and the Aberdeen Group and that will apply to the Combined Group if the Merger completes.

### **2. Supervisory Environment**

#### *Standard Life*

The Standard Life Group is subject to the consolidated prudential supervision of the PRA under Solvency II, as implemented or applicable in the UK. Individual UK firms within the Standard Life Group are authorised by the PRA or the FCA and regulated by the PRA and/or the FCA.

The Standard Life Investments sub-group is subject to the consolidated prudential supervision of the FCA under FCA rules implementing CRD III.

The Standard Life Group also contains various entities domiciled or active outside the UK that are authorised and/or regulated by certain non-UK regulatory authorities. See paragraph 6 below (*Regulation in other jurisdictions*) below for more information.

#### *Aberdeen*

The Aberdeen Group is subject to the consolidated prudential supervision of the FCA under CRD IV, as implemented or applicable in the UK. Individual UK firms within the Aberdeen Group are generally authorised and regulated by the FCA. Aberdeen Asset Management Life and Pensions Limited, an insurance undertaking authorised by the PRA in accordance with Solvency II, is regulated by the PRA and the FCA.

The Aberdeen Group also contains various entities domiciled or active outside the UK that are authorised and/or regulated by certain non-UK regulatory authorities. See paragraph 6 (*Regulation in other jurisdictions*) below for more information.

#### *The Combined Group*

Based on the current activities, business mix and legal structures of the Standard Life Group and the Aberdeen Group, the Combined Group would, if the Merger completes, be subject to the consolidated prudential supervision of the PRA under Solvency II, as implemented or applicable in the UK (unless determined otherwise by the PRA and/or FCA). Individual entities in the Combined Group would continue to be regulated by the PRA and/or the FCA and, in the case of entities authorised or regulated outside the UK, by local regulatory authorities.

As set out above, both the Standard Life Group and the Aberdeen Group contain, and, if the Merger completes, the Combined Group will contain various entities domiciled or active outside the UK that are subject to regulation by certain non-UK regulatory authorities. See paragraph 6 (*Regulation in other jurisdictions*) below for more information.

### **3. The UK Regulatory Framework**

#### *The PRA and FCA*

As noted above, the Standard Life Group and the Aberdeen Group contain, and the Combined Group will contain, UK-authorized entities that are regulated by the PRA, the FCA or both.

Insurance undertakings in the UK are among the categories of firm that are dual-regulated, which means that they are authorised, prudentially regulated and supervised by the PRA, and regulated for conduct of business purposes by the FCA.

Asset management firms and most investment firms in the UK (including firms that carry on regulated activities related to investment advice, such as those in the Standard Life Group's 1825 business) are authorised and regulated solely by the FCA. While certain designated investment firms are authorised by the PRA and regulated by both the PRA and FCA, the Standard Life Group and the Aberdeen Group do not contain, and the Combined Group will not contain, any such firms.

The PRA is responsible for the micro-prudential regulation of insurance companies, banks and certain designated investment firms. The PRA's primary purpose and objective is to promote the safety and soundness of PRA-authorized persons. It also has a specific "insurance objective" of contributing to the securing of an appropriate degree of protection for those who are or may become policyholders of PRA-authorized insurers.

The FCA regulates the conduct of every authorised firm. Its "operational objectives" are to secure an appropriate degree of protection for consumers, protect and enhance the integrity of the UK financial system and promote effective competition in the interests of consumers. The FCA also has a "strategic objective" of ensuring that relevant markets function well.

The Financial Policy Committee, a committee of the Bank of England's governing body, is responsible for the macro-prudential regulation of the entire financial services sector.

#### *Permission to carry on regulated activities in the UK*

In order to authorise a person to carry on regulated activities in the UK, the PRA and/or the FCA must determine that the applicant meets the requirements of FSMA, including certain "threshold conditions". The threshold conditions are the minimum conditions which must be satisfied (both at the time of authorisation, and on an ongoing basis) in order for a firm to gain and continue to have permission to carry on the relevant regulated activities under FSMA. Dual-regulated firms must meet both the PRA and the FCA threshold conditions. These relate to matters including the applicant's legal form, whether the applicant has adequate resources (both financial and non-financial) to carry on its business and whether, having regard to all the circumstances (including whether the applicant's affairs are conducted soundly and prudently), the applicant is a fit and proper person to conduct the relevant regulated activities.

Once authorised, in addition to continuing to meet the threshold conditions, firms must comply with the provisions of FSMA, related secondary legislation and the rules made by the PRA and the FCA under FSMA. These rules are set out in the PRA Rulebook and the FCA Handbook respectively and implement EU legislation (applicable throughout the EEA) relating to financial services and to asset management and insurance business in particular.

#### *Principles for Businesses and Fundamental Rules*

The Principles for Businesses set out high-level principles that apply to all authorised persons in the UK. Amongst other things, the Principles require firms to treat customers fairly, maintain adequate financial resources and communicate with customers in a way that is clear, fair and not misleading.

The FCA has also established six key outcomes that it expects firms to focus on in order to ensure that they are treating customers fairly in accordance with the Principles. These include ensuring that: (i) consumers can be confident they are dealing with firms where the fair treatment of customers is central to the firm's corporate culture; and (ii) products and services marketed and sold in the retail market are designed to meet the needs of identified consumer groups and are targeted accordingly.

In addition to the Principles, PRA-authorized persons are also subject to certain overarching rules issued by the PRA, the so-called "Fundamental Rules". These rules are core to the PRA's supervisory approach and underpin the PRA Rulebook. The Fundamental Rules require firms to conduct their business with integrity, maintain adequate capital resources and organise and control their affairs responsibly and effectively, amongst other things. The emphasis and reliance on these overarching rules and principles by the PRA and the FCA has marked a move to more judgment based regulation in recent years.

#### *Supervision and enforcement under FSMA*

The PRA and the FCA have powers to take a range of enforcement action, including the ability to sanction UK authorised firms. In particular, enforcement action may include restrictions on undertaking new business, public censure, restitution, fines and, ultimately, revocation of permission to carry on regulated activities. The FCA may also take enforcement action against individuals performing certain controlled functions in relation to authorised persons, while the PRA and/or FCA may take direct enforcement action against senior insurance management function holders, significant influence holders and key function holders under the Senior Insurance Managers Regime (discussed in more detail below).

The PRA and the FCA have further powers to obtain injunctions against UK authorised firms and to impose or seek restitution orders where consumers have suffered loss. In certain circumstances, the PRA and the FCA also have the power to take action against unauthorised parent undertakings of UK authorised persons (such as Standard Life), including by issuing directions to do or refrain from doing a particular activity.

#### *Consumer complaints and compensation*

UK authorised firms fall under the compulsory jurisdiction of the Financial Ombudsman Service ("FOS"), which is a body established under FSMA. Authorised firms are required to have adequate complaints handling procedures in place but, where these are exhausted and the complaint or dispute has not been resolved, the FOS provides for dispute resolution in respect of certain categories of customer complaints brought by individuals and small business customers. Firms covered by the FOS are required to pay levies and case fees, which provides the funding for the FOS.

The Financial Services Compensation Scheme ("FSCS"), established under FSMA, seeks to protect customers of UK authorised firms that are unable or unlikely to be able to meet their financial obligations to customers. The FSCS provides compensation to certain categories of customer who suffer loss as a consequence of the failure by a regulated firm to meet its liabilities arising from claims made in connection with regulated activities. The FSCS is funded by way of levies imposed on all of its participating financial services firms, including certain authorised firms within the Combined Group.

#### *Change of control*

In the United Kingdom, the approval of the PRA or the FCA is required under FSMA where any person proposes to acquire or increase "control" over a UK authorised firms. Supervisory approval is also required where a person who is already a controller of such a firm proposes to increase its control in excess of certain thresholds set out in FSMA. The FCA and PRA's approval will be required for the Merger to take effect.

“Control” over a UK regulated firm is acquired if the acquirer:

- (A) holds 10% or more of the shares or voting power in that UK regulated firm or in its parent undertaking; or
- (B) is otherwise able to exercise significant influence over the management of the firm by virtue of the acquirer’s shares or voting power in the UK regulated firm or its parent undertaking.

Where a UK regulated firm is dual-regulated (such as a UK authorised insurer), the PRA will process the change of control application, although the FCA may make representations to the PRA and/or may require the PRA to object to, or impose conditions on the approval in certain circumstances. Where the UK regulated firm is solely regulated by the FCA (such as an investment firm or UCITS management company), the FCA will process the change of control application. However, if the FCA regulated firm is part of a group which contains a PRA regulated firm, the PRA must be consulted when processing the change of control application.

The control thresholds referred to above are relaxed in relation to certain UK authorised persons, including insurance intermediaries. “Control” over such a firm is acquired where a person holds 20% or more of the shares or voting power in that firm or its parent undertaking. While there is no formal change in control regime that applies to UK AIFMs, such firms are required to notify the FCA of any material changes to their qualifying holdings before such changes take effect. The FCA may, in certain circumstances, prevent such changes from taking effect.

#### *Data Protection*

The DPA, which came into force in March 2000 and gives effect to an EU Directive, regulates in the United Kingdom the obtaining and use of personal data relating to living individuals. Personal data includes any data about an individual by which he or she can be identified (including, for example, a name, address, age, bank or credit card details).

The data need not in any sense be private. The DPA applies to both computerised data and to certain sets of manual data such as address books and filing systems. It lays down certain principles which, in general, must be followed by those who hold personal data. The Standard Life Group, the Aberdeen Group and everyone working at their businesses must comply with local jurisdiction data protection and privacy requirements, and the requirements will apply equally to the Combined Group and its businesses.

Breach of the DPA may give rise to criminal or civil liability and other enforcement action can be taken.

#### *Market Abuse*

The FCA has the power to impose fines and other civil sanctions on individuals and firms that commit market abuse. The definition of market abuse is set out in the Market Abuse Regulation, which refers to three abusive behaviours which, when committed in relation to publicly traded financial instruments, commodity derivatives or emission allowances, constitute market abuse. The relevant behaviours are: insider dealing; the unlawful disclosure of inside information; and market manipulation.

The FCA may impose an unlimited fine on any person that engages in market abuse, or that has encouraged or required another person to do so. As an alternative to imposing a fine, the FCA may publish a statement of public censure or apply to the court under FSMA for an injunction or restitution order. The FCA also has the power to impose other administrative sanctions, including the power to enter premises under a warrant and the power to cancel or suspend trading in financial instruments.

In addition to the civil regime under FSMA and the Market Abuse Regulation, the FCA has the power to prosecute the criminal offences of insider dealing under the Criminal Justice Act 1993 and the criminal offences of making false or misleading statements, creating false or misleading impressions and making false or misleading statements or creating a false or misleading impression in relation to specified benchmarks under the Financial Services Act 2012.

#### **4. Asset management and investment advice regulation in the EU and UK**

The regulatory framework applicable to asset management and investment advice firms in the UK is derived to a large extent from EU legislation that is either directly applicable in the UK (in the case of EU Regulations) or that has been implemented in the UK by means of rules and guidance made by the FCA.

The Standard Life Group and the Aberdeen Group contain, and the Combined Group will contain, UK authorised firms that engage in the management of collective investment schemes (including UCITS and authorised AIFs), the provision of discretionary investment management services, the provision of advisory and/or dealing services and the safeguarding and administration of assets. The Combined Group will contain UCITS management companies, AIFMs and MiFID investment firms authorised in the UK under in accordance with UK legislation and rules implementing relevant EU legislation.

##### ***EU regulatory framework***

###### *UCITS*

The UCITS Directive sets out the framework for the regulation of UCITS and UCITS management companies in the EU. The Directive includes rules on authorisation, the operation of management companies, depositaries, mergers, investment policies, and on the information that must be provided to investors. It also requires UCITS management companies to establish and apply remuneration policies and practices consistent with sound and effective risk management.

The Directive provides that a UCITS fund or management company authorised in accordance with the Directive in one EEA State (the “**home state**”) may carry on certain activities in another EEA state without being separately authorised there (so-called “**passporting rights**”). Funds authorised in accordance with the UCITS Directive may therefore be marketed and sold to retail investors throughout the EEA, while management companies authorised in one EEA State in accordance with the Directive may exercise passporting rights to operate a fund established in another EEA State.

###### *AIFMD*

The AIFMD sets out the framework for the regulation of the management of certain non-UCITS collective investment undertakings in the EU. The Directive applies to AIFMs, that is, to legal persons whose regular business it is to manage an AIF. In broad terms, an AIF is a non-UCITS collective investment undertaking that raises capital from a number of investors with a view to investing it in accordance with a defined investment policy for the benefit of those investors.

The Directive covers matters such as authorisation, capital requirements, conduct of business standards, remuneration, the valuation of assets, delegation, depositaries, transparency, and marketing. It also provides for passporting rights that allow AIFMs to manage and market EU AIFs to professional investors throughout the EU. Certain parts of the Directive are yet to apply; when fully applicable, these passporting rights will also apply to the management and marketing of AIFs by non-EU AIFMs and to the marketing of non-EU AIFs by EU AIFMs

## *MiFID*

MiFID sets out the framework for the regulation of firms in the EU that engage in certain investment activities, such as investment advice and portfolio management. The Directive sets out detailed and specific requirements relating to investment firms within its scope, including provisions relating to systems and controls, outsourcing, customer classification, conflicts of interest, best execution, client order handling, suitability and appropriateness, transparency and transaction reporting. The Directive also confers passporting rights on investment firms authorised in accordance with its provisions, enabling them to carry on certain investment activities in other EEA States without needing to obtain separate authorisations there.

## *CRD IV*

The CRD IV package sets out the EU framework for the regulation of credit institutions and certain investment firms, in particular as regards capital adequacy. Certain MiFID investment firms and, in particular, those with permissions relating to the safeguarding of client assets or handling of client money, are subject to the provisions of CRD IV as regards prudential and capital standards. This includes certain firms within the Standard Life Group and the Aberdeen Group.

## *CRD III*

CRD III set out the capital requirements applicable to credit institutions and investment firms in the EU prior to 1 January 2014. The Directive was repealed by the CRD IV package with effect from that date, but continues to be relevant to certain UK investment firms, including those in the Standard Life Investments sub-group, that fall outside the scope of CRD IV. Such firms are permitted to apply the UK rules implementing CRD III, rather than applying CRD IV, as applicable or implemented in the UK.

## *UK implementation*

The requirements of the UCITS Directive, AIFMD, MiFID and CRD IV have, insofar as they are relevant to UK asset management and investment firms, largely been implemented in rules made by the FCA and set out in the FCA Handbook. Those requirements are supplemented by those set out in EU Regulations, which are directly applicable and therefore do not need to be implemented by local regulatory or legislative authorities.

The FCA Handbook comprises a number of sourcebooks containing rules and guidance relevant to the asset management firms in the Standard Life Group and the Aberdeen Group.

## *Conduct of business rules*

COBS contains rules and guidance relevant to how asset management and investment firms in the Standard Life Group and the Aberdeen Group conduct their business with clients. The scope and nature of the obligations that apply to UK asset management and investment firms under COBS depends on the scope of the individual firm's business and the nature of its clients. For example, many of the provisions in COBS only apply to firms that deal directly with retail customers.

In very broad terms, the rules in COBS require firms to disclose certain information (including as to fees and charges) to clients before providing services, ensure that any recommendations given in relation to investment advice are suitable for the client, ensure that non-advised investment services or products provided are appropriate for the client and provide (in certain circumstances) product information to clients, amongst other things.

Certain firms within the Standard Life Group are, and if the Merger completes certain firms within the Combined Group will be, subject to specific rules under COBS relating to the provision of platform services. In very broad terms, these rules concern adviser charges and the provision of information to fund managers.

Firms authorised to carry on regulated activities relating to investment advice (including those firms that carry on the 1825 business of the Standard Life Group) are subject to specific rules under COBS relating to the provision of investment advice. These include rules relating to the independence of advice, adviser charging and the acceptance or payment of inducements.

#### *Senior management, systems and controls*

SYSC contains general organisational requirements that apply to UK authorised firms, including UK authorised asset management and investment firms. These requirements elaborate on Principle 3 of the Principles for Businesses, which requires firms to take reasonable care to organise and control their affairs responsibly and effectively, with adequate risk management systems.

In broad terms, SYSC contains rules relating to the persons who effectively direct the business of a UCITS management company, AIFM or MiFID investment firm, requires firms to employ personnel with the skills, knowledge and expertise necessary for the discharge of the responsibilities allocated to them, requires firms to implement systems and controls relating to compliance and risk controls and contains requirements relating to outsourcing and conflicts of interest, amongst other things.

SYSC also require UCITS management companies, AIFMs and MiFID investment firms to implement remuneration policies and practices that promote sound and effective risk management. Separate requirements apply for each category of firm, including separate requirements for MiFID investment firms that are subject to CRD IV.

#### *Approved Persons Regime*

UCITS management companies, AIFMs and non-significant MiFID investment firms are required to take reasonable care to ensure that individuals performing certain “controlled functions” in relation to their regulated activities have the prior approval of the FCA. Individuals who perform controlled functions fall broadly into two categories: those who exercise significant influence over a firm’s affairs and those who deal with its customers. The FCA will only approve an individual to carry out a controlled function if it is satisfied that he or she is a “fit and proper” person to carry out the relevant function. Individuals approved by the FCA to carry out controlled functions are subject to conduct rules made by the FCA. Where an individual breaches these rules, the FCA may impose sanctions on the individual and firm concerned.

As set out in more detail in Section 7 (Recent and future EU and UK regulatory developments) below, the scope of the Senior Managers and Certification Regime (“SMR”) (which currently only applies to UK banks, building societies and significant investment firms) will be extended in 2018 to cover all authorised firms, including the UCITS management companies, AIFMs and MiFID investment firms in the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group.

#### *Prudential requirements*

The prudential requirements applicable to UCITS management companies, AIFMs and MiFID investment firms are set out in GENPRU, BIPRU, IFPRU and IPRU-INV in the FCA Handbook. Each sourcebook sets out requirements relating to initial capital and own funds.

The prudential requirements that apply to the FCA-authorized firms in the Standard Life Group and the Aberdeen Group depend on the FCA's prudential classification of individual firms. This in turn depends on the level of risk involved in performing the activities the relevant entity is authorised to perform. Investment firms falling within the scope of CRD IV are subject to the prudential requirements of IFPRU and GENPRU. Investment firms that are not within the scope of CRD IV are instead subject to less stringent rules implementing CRD III and set out in BIPRU and GENPRU.

The prudential classification of UCITS management companies and AIFMs depends on whether the firms in question are also authorised to carry on MiFID activities such as portfolio management, investment advice and the safekeeping and administration of assets. Where this is the case, UCITS management companies and AIFMs are required to comply with the prudential requirements of GENPRU and either IFPRU or BIPRU, depending on whether they fall within scope of CRD IV. All UCITS management companies and AIFMs (regardless of whether they carry on any MiFID activities) are required to comply with certain base own funds requirements in IPRU-INV.

#### *Client Assets*

Principle 10 of the Principles for Businesses requires firms to arrange adequate protection for assets when the firm is responsible for them. CASS elaborates on this requirement, setting out the rules that apply to firms that are permitted to hold client money and assets. This includes certain firms in the Standard Life Group and the Aberdeen Group and, if the Merger completes, will include firms in the Combined Group.

The requirements set out in CASS aim to protect money and assets belonging to a firm's clients from the insolvency of that firm and to ensure that, if a firm is subject to insolvency proceedings, client money and assets can be promptly returned to the client. The rules seek to achieve this by requiring firms to keep client money and assets separate from their own, by preventing firms from using client money and assets for their own purposes and by requiring firms to keep records of the client money and assets that they do hold.

#### *Specialist Sourcebooks*

In addition to the requirements set out above, UCITS management companies and AIFMs must comply with the requirements of COLL and FUND, respectively. These specialist sourcebooks set out requirements relating to UCITS, AIFs and their managers that implement the UCITS Directive and the AIFMD.

### **5. Insurance regulation in the EU and UK**

The UK regulatory framework for insurers is established under FSMA and derived, in large part, from EU legislation that is either directly applicable in the UK (in the case of EU Regulations) or that has been implemented in the UK by means of rules and guidance made by the PRA and FCA.

The Standard Life Group and the Aberdeen Group include, and the Combined Group will include, a number of UK authorised insurance firms. This section provides an overview of the key features of the regulatory regime for companies carrying on insurance business in the EU and UK, as it will apply to the Combined Group.

#### ***EU regulatory framework***

##### *Solvency II*

Solvency II sets out the framework for the solvency and supervisory regime for EU insurance firms. The main aim of the prudential framework under Solvency II is to ensure the financial stability of the insurance industry across the EU and protect policyholders through establishing solvency requirements better matched to the true risks of the business.

Solvency II adopts a three pillar approach to prudential regulation:

- (A) Pillar 1 relates to minimum capital requirements, covering technical provisions, the SCR and MCR, rules on market consistent valuation, investment of assets and the use of internal models to calculate the SCR;
- (B) Pillar 2 covers risk management, governance requirements, supervisory review and the Own Risk and Solvency Assessment (“**ORSA**”) of an insurer; and
- (C) Pillar 3 covers public and supervisory reporting and disclosure.

The regime consists of a “Level 1” Directive, which has been implemented by means of both “Level 2” measures, including delegated acts and binding technical standards, and “Level 3” guidance, including non-binding supervisory standards, recommendations and guidelines. Solvency II has been fully implemented in the UK since 1 January 2016.

The Solvency II Regulation requires insurers to establish and maintain remuneration policies and procedures that promote sound and effective risk management, so as not to encourage excessive risk taking. Specific requirements apply to “material risk takers” (in very broad terms, executive directors, senior executives and heads of certain support and control functions), including in relation to the proportion of variable to fixed remuneration.

The European Insurance and Occupational Pensions Authority is the European Supervisory Authority charged with producing draft technical standards and guidelines under Solvency II. Guidelines are non-binding, although supervisory authorities and firms to whom they are addressed are expected to apply them on a “comply or explain” basis.

#### *Insurance Mediation Directive*

The Insurance Mediation Directive requires EU member states to establish a framework to:

- (A) ensure that insurance and reinsurance intermediaries have been registered on the basis of a minimum set of professional and financial requirements;
- (B) ensure that registered intermediaries will be able to operate in other member states by availing themselves of the freedom to provide services or by establishing a branch; and
- (C) impose requirements on insurance intermediaries to provide specified minimum information to potential customers.

The Insurance Distribution Directive came into force on 22 February 2016 and must be implemented by 23 February 2018. When fully implemented, the Insurance Distribution Directive will amend and replace the Insurance Mediation Directive. The Insurance Distribution Directive significantly raises the minimum standards set out in the Insurance Mediation Directive and is intended to strengthen policyholder protection and make it easier for firms to provide services cross-border.

#### ***UK implementation***

The requirements of Solvency II have largely been implemented in the UK by rules made by the PRA and contained in the PRA Rulebook. The PRA Rulebook comprises a number of Parts and is divided according to the different types of firm regulated by the PRA. The insurance firms within the Standard Life Group and the

Aberdeen Group must comply with the rules set out in those Parts of the Rulebook that apply to Solvency II firms. The FCA Handbook also contains rules and guidance that apply to dual-regulated firms, including insurance firms.

### *Prudential Standards*

The PRA Rulebook implements the prudential standards established under Solvency II. The fundamental requirement of the PRA's prudential rules is that firms maintain adequate financial resources to meet their capital requirements.

Under Solvency II, firms must hold eligible own funds covering both the SCR and MCR. The 'Own Funds' Part of the PRA Rulebook, supplemented by the Solvency II Regulation, sets out the capital resources that are deemed to be eligible for these purposes, while provisions relating to the SCR and MCR are set out in the 'Solvency Capital Requirement' and 'Minimum Capital Requirement' Parts of the PRA Rulebook.

The 'Technical Provisions' Part of the PRA Rulebook requires firms to establish adequate technical provisions with respect to all of their insurance and reinsurance obligations towards policyholders. The 'Investment' Part sets out the risk-management requirements that insurers must follow when investing their assets, including those held to cover technical provisions, while the 'Valuation' Part sets out overriding standards that firms must comply with when valuing assets and liabilities.

Firms subject to Solvency II are also required to conduct an ORSA on a regular basis. The ORSA is intended to provide a view of a firm's risk profile and the capital and other means needed to address those risks. The ORSA must, among other things, survey the firm's compliance with the SCR and MCR on a continuous basis (and assess the significance with which the risk profile of the firm deviates from the assumptions underlying the SCR).

### ***Senior Management, Systems and Controls***

Solvency II requires insurers to ensure that all persons who effectively run a firm, or otherwise hold key functions, have adequate professional qualifications, knowledge and experience to enable sound and prudent management and are of good repute and integrity. The Senior Insurance Managers Regime ("**SIMR**") implements this requirement, and other requirements under Solvency II relating to the fitness and propriety of key employees. It incorporates elements of the FCA's senior managers regime and has been in force since 7 March 2016.

Under the SIMR, an authorised insurer is required to obtain the PRA's approval for any individual who carries on a specific "senior insurance management function" ("**SIMF**"), for example, executive directors and persons responsible for a firm's risk, audit or actuarial functions. The FCA is responsible for approving individuals who take up executive and certain other "significant influence functions" ("**SIFs**") that are not subject to PRA approval. In addition to this, firms must notify the PRA of all individuals who are not SIMF or SIF holders, but are nevertheless responsible for certain key functions ("**key function holders**") and take up their posts after 1 January 2016. Such functions include the compliance, internal audit and risk management functions, as well as any other function that is of specific importance to the sound and prudent management of a firm.

SIMF, SIF and key function holders must comply at all times with the conduct standards set out in the 'Insurance – Conduct Standards' Part of the PRA Rulebook, while persons performing key functions are subject to a more limited set of "Individual Conduct Standards" also set out in that Part. "Notified" NEDs (i.e. those who are not FCA or PRA approved persons) are also subject to certain conduct rules under this Part of the PRA Rulebook. The FCA also requires all SIF and SIMF holders to adhere to conduct rules set out

in its Code of Conduct Sourcebook (“**COCON**”). On 3 May 2017, the FCA published a policy statement containing final rules that will extend the application of COCON to “standard” NEDs of UK authorised insurers. As with notified NEDs in the PRA Rulebook, standard NEDs are those NEDs who are not subject to the pre-approved regime under the SIMR. The FCA’s rules will come into force on 3 July 2017. SYSC also sets out rules on the apportionment of significant responsibilities among an insurer’s directors and senior managers and, more generally, the systems and controls that insurers are required to have in place. In particular, firms must take reasonable care to establish and maintain effective systems and controls for compliance with applicable regulatory requirements and for countering the risk that they might be used to further financial crime.

### *Remuneration*

While the PRA expects all UK insurers within the scope of Solvency II to comply with the remuneration requirements set out in the Solvency II Regulation, its attention in this area is focused on “significant” insurers (i.e. those firms whose size and type of business means that there is a significant or very significant capacity to cause disruption to a substantial number of policyholders). Such firms, including certain firms within the Standard Life Group, are required to report to the PRA on their compliance with the requirements of set out in the Solvency II Regulation, either in the form of the Remuneration Policy Statement reporting template provided by the PRA or by means an alternative format if preferred.

### *Reporting requirements*

UK insurance firms authorised in accordance with Solvency II are subject to certain ongoing reporting requirements set out in the ‘Reporting’ Part of the PRA Rulebook, which implements Pillar 3 of Solvency II. Firms are under a general requirement to submit to the PRA information necessary for the PRA’s supervision of the firm.

In practice, this involves the submission of an annual report on a firm’s solvency and financial condition, known as a solvency and financial condition report (“**SFCR**”). The required content of a firm’s SFCR is prescribed by the ‘Reporting’ Part of the PRA Rulebook, and includes details of the firm’s SCR and MCR. In addition to the annual SFCR, an insurance or reinsurance undertaking must disclose on an ongoing basis the nature and effects of any major developments that significantly affect its prior disclosures.

### *Conduct of Business requirements*

The FCA regulates, through COBS and ICOBS, the distribution and sale of insurance products. COBS applies where such insurance products have an investment element, such as pension policies, and ICOBS applies to non-investment insurance products. These sourcebooks implement the Insurance Mediation Directive in the UK.

The scope and range of the obligations imposed on an authorised firm under COBS and ICOBS vary according to the scope of the firm’s business and the nature of its clients. Many of the provisions only apply to insurers that deal directly with retail customers or to transactions with retail customers. Broadly, the rules in COBS and ICOBS require firms to provide clients with information about the firm, meet certain standards of product disclosure, assess suitability when advising on certain products, report appropriately to clients and provide certain protections in relation to client assets.

COBS also contains specific rules relating to with-profits business, including the management and operation of with-profits funds. These seek to ensure the fair treatment of with-profits policyholders and include rules that require firms to establish, maintain and record “principles and practices of financial management” that describe how with-profits funds are managed and the business model used to meet the firm’s duties to its with-profits policyholders.

## ***Regulation of insurance mediation activities in the United Kingdom***

The Standard Life Group includes and the Combined Group will include firms authorised to carry on insurance mediation activities. In addition to complying with the Principles for Businesses described above, conduct of business rules set out in ICOBS and rules relating to systems and controls set out in SYSC, such firms must also comply with provisions in MIPRU. The rules in MIPRU include requirements regarding the maintenance of capital resources and the responsibilities and suitability of management and persons involved in insurance mediation activities.

### ***Codes of practice***

Insurance firms within the Standard Life Group and the Aberdeen Group also comply and, if the Merger completes, insurance firms within the Combined Group will continue to comply with certain binding and non-binding codes of practice and other guidance issued by various trade associations, including the Association of British Insurers.

## **6. Regulation in other jurisdictions**

The Standard Life Group and the Aberdeen Group both include regulated entities that are active in a number of non-UK jurisdictions. The Standard Life Group includes asset management and investment firms authorised in Hong Kong, India, Japan, Switzerland and the US and insurance firms authorised in Ireland, India, China and Hong Kong. The Aberdeen Group contains asset management and investment firms authorised in a number of non-UK jurisdictions.

### ***Europe, the Middle East and Africa***

The Standard Life Group contains, and if the Merger completes the Combined Group will contain, operating subsidiaries regulated in Ireland by the Central Bank of Ireland, in Jersey by the Jersey Financial Services Commission (“**JFSC**”), in Guernsey by the Guernsey Financial Services Commission (“**GFSC**”) and in Switzerland by the Swiss Financial Market Supervisory Authority (“**FINMA**”).

The Aberdeen Group’s principal European investment activities are conducted in Luxembourg. The Group’s operating subsidiaries in Luxembourg are regulated in their conduct of investment business in Luxembourg by the Commission de Surveillance du Secteur Financier. The Aberdeen Group also contains, and if the Merger completes the Combined Group will contain, an operating subsidiary that is regulated in its conduct of investment business in Ireland by the Central Bank of Ireland. Other non-Irish incorporated entities within the Standard Life Group are also registered with the Central Bank of Ireland in relation to their activities in Ireland.

Other European operating subsidiaries of the Aberdeen Group are regulated in their conduct of investment business in France by the Autorité des Marchés Financiers, in Germany by the Bundesanstalt für Finanzdienstleistungsaufsicht, in Guernsey by the GFSC, in Hungary by the Central Bank of Hungary, in Jersey by the JFSC, in Norway by the Finanstilsynet, in Sweden by the Finansinspektionen and in Switzerland by FINMA.

In addition to this, EU-authorised regulated entities in both the Standard Life Group and the Aberdeen Group carry on business in other EU Member States under EU-wide passporting rights. Although those entities do not need to be authorised in each of the EU Member States in which they carry on business in exercise of those rights, they are required to comply with certain local laws and regulatory requirements, for example in respect of conduct of business and money-laundering, in relation to business carried on in those countries.

The Aberdeen Group also contains an operating subsidiary in Abu Dhabi that is regulated by the Abu Dhabi Financial Services Regulatory Authority. Aberdeen Asset Managers Limited, a UK-incorporated subsidiary of Aberdeen, is registered with the Financial Services Board of South Africa and the Capital Markets Authority of Saudi Arabia to provide intermediary services in those jurisdictions.

### *Asia*

The Standard Life Group and Aberdeen Group operate, and if the Merger completes, the Combined Group will operate, through a number of regulated entities in Asia.

The Standard Life Group's principal operations in Asia are conducted through an insurance joint venture incorporated in China and regulated by the China Insurance Regulatory Commission, an insurance associate incorporated in India and regulated by the Insurance Regulatory and Development Authority, an investment associate incorporated in India and regulated by the Securities and Exchange Board of India, investment subsidiaries incorporated in Hong Kong and regulated by the Hong Kong Securities and Futures Commission, an investment subsidiary incorporated in Japan and regulated by the Kanto Local Finance Bureau and an investment subsidiary incorporated in Singapore and regulated by the Monetary Authority of Singapore.

The Aberdeen Group operates through a number of investment subsidiaries in Asia, the principal investment subsidiaries of which are incorporated and regulated in Singapore by the Monetary Authority of Singapore, in Japan by the Financial Services Agency and in Hong Kong by the Securities and Futures Commission of Hong Kong. The Aberdeen Group also operates through subsidiaries incorporated and regulated in Indonesia by the Financial Services Authority of Indonesia, in Malaysia by the Malaysian Securities Commission, in Taiwan by the Financial Supervisory Commission of the Republic of China and the Securities Investment Trust and Consulting Association of the Republic of China and in Thailand by the Securities and Exchange Commission of Thailand. The Aberdeen Group is also active in South Korea through non-Korean incorporated subsidiaries that are regulated by the Korea Financial Services Commission.

### *Americas*

The Standard Life Group and Aberdeen Group operate, and if the Merger completes, the Combined Group will operate, through a number of investment subsidiaries in the Americas.

The Standard Life Group contains an investment subsidiary incorporated in the USA and regulated by the Financial Industry Regulatory Authority ("**FINRA**"). The Standard Life Group is also active in the USA through non-US incorporated subsidiaries that are registered with the Securities & Exchange Commission ("**SEC**") and the Commodity Futures Trading Commission ("**CFTC**"). The Standard Life Group is also active in Canada through a number of non-Canadian incorporated subsidiaries.

The Aberdeen Group operates through a number of investment subsidiaries in the Americas, the principal investment subsidiaries of which are incorporated in and regulated in the USA, Canada and Brazil. The principal investment management subsidiary in the USA, Aberdeen Asset Management Inc. ("**AAMI**"), is incorporated in Delaware and carries on fund management activities and is registered in the USA with the SEC and the CFTC/National Futures Association ("**NFA**"). In addition, AAMI must comply with the rules and guidance issued by the SEC relating to investment companies under the Investment Company Act of 1940 and qualified retirement accounts under rules and guidance issued by the Department of Labor. The Aberdeen Group also contains other subsidiaries that are registered in the USA by the CFTC, FINRA and/or the SEC. AAMI and other principal Aberdeen operating subsidiaries are registered in Canada with, among others, the Ontario Securities Commission, the Quebec Autorité des Marchés Financiers, the Nova Scotia Securities Commission and the New Brunswick Securities Commission. Aberdeen also has an operating subsidiary registered in Brazil with the Securities and Exchange Commission of Brazil.

## *Australia*

The Aberdeen Group contains and, if the Merger completes, the Combined Group will contain, an operating subsidiary incorporated in Australia that is regulated by the Australian Securities and Investments Commission. Standard Life Investments Limited, a subsidiary of Standard Life Investments (Holdings) Limited, is also active in Australia but is exempt from authorisation.

## **7. Recent and future EU and UK regulatory developments**

This section provides an overview of some of the UK and EU regulatory developments that may affect the Standard Life Group, and the Combined Group following completion of the Merger.

### *Brexit*

On 23 June 2016, the United Kingdom voted to leave the EU. The terms and timing of the UK's departure from the EU ("**Brexit**") remain unclear, as does its impact on the UK regulatory framework. As set out above, much of the regulatory framework that applies to UK insurers, insurance intermediaries and asset management and investment firms is derived from EU legislation. While the UK is currently required to implement and apply such legislation, this may no longer be the case following Brexit. As such, Brexit may have a significant impact on UK financial services legislation and the regulatory environment in which the Combined Group operates, including in relation to the impact of the EU initiatives described below.

It is also not yet clear how Brexit will affect UK financial institutions with assets or operations (including branches) in the EU (and vice versa). At present, and as set out above, EU legislation grants passporting rights to certain categories of financial institution, including investment firms, UCITS management companies and AIFMs as well as facilitating mutual rights of access to market infrastructure such as payment and settlement systems. Once the UK ceases to be a Member State of the EU, the current passporting arrangements may cease to be effective, as may the current mutual rights of access to market infrastructure.

The ability of regulated entities within the Combined Group to continue to do business between the UK and the remaining EU Member States after Brexit may be subject to separate arrangements between the UK and the remaining EU Member States, in respect of which negotiations have not yet begun. There can be no assurance that any such arrangements will be concluded and, if they are concluded, on what terms.

### *FCA Asset Management Market Study*

The FCA launched a market study into the asset management sector in November 2015, publishing its interim findings in November 2016. The interim findings identified several ways in which asset management products and services could work better for retail and institutional investors and provisionally proposed certain remedies to address this. The remedies included an enhanced duty on asset managers to act in the best interests of investors, the introduction of an "all-in-fee" when quoting charges to investors and enhanced disclosure and transparency requirements. The FCA is also considering whether to make a market investigation to the Competition and Markets Authority on the institutional advice market. While the FCA is yet to finalise its proposals, any remedies introduced as a result of the asset management market study could impact the business of the Combined Group.

### *Senior Managers Regime*

The SMR came into force in the UK in March 2016. The SMR requires UK banks, building societies and significant investment firms to allocate responsibility for certain senior management functions to

individuals pre-approved by the FCA and PRA (“**Senior Managers**”). The SMR also introduced a certification regime for staff employed in positions where they could pose a significant risk of harm to their firm or its customers, as well as individual conduct rules that apply to Senior Managers and certified employees.

At present, no entities in the Standard Life Group or the Aberdeen Group are subject to the SMR. The Bank of England and Financial Services Act 2016 will, however, extend the SMR to all UK authorised firms. This is expected to take place in 2018. While it is anticipated that the rules that will apply to other UK authorised firms will follow those that apply to firms currently within scope of the SMR, the final rules remain subject to consultation, which is expected later in 2017. Once implemented, however, it is likely that PRA and FCA authorised firms in the Combined Group will be subject to the SMR.

#### *MiFID II*

MiFID II and local implementing rules will apply from 3 January 2018 and will introduce changes that are intended to make financial markets more efficient and resilient, increase transparency of both equity and non-equity markets, reinforce supervisory powers, and strengthen investor protection. These include requirements relating to transaction reporting, corporate governance and conduct of business requirements that will affect the Combined Group’s operations. Complying with MiFID II as implemented or applicable in the UK will require affected firms (including certain firms in the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group) to make changes to their systems and business practices that may involve material costs and could potentially impact revenue.

#### *UCITS VI*

Since 2012, the European Commission has been working on a broader suite of regulatory reforms to the UCITS regime known as UCITS VI. This covers a wide range of topics such as liquidity management, eligible assets, over-the-counter or OTC derivatives, the depositary passport, money market funds and long term investment. While the European Securities and Markets Authority has suggested that UCITS VI is not an immediate priority, it is not clear whether the European Commission will proceed with the reforms contemplated by UCITS VI.

#### PRIIPs Regulation

The PRIIPs Regulation entered into force on 29 December 2014 and will apply in EU member states from 1 January 2018. The Regulation will require manufacturers of Packaged Retail and Insurance-Based Investment Products (“**PRIIPs**”) to provide a key information document (“**KID**”) containing certain pre-contract product disclosures to retail consumers when they are considering buying a PRIIP. The KID must provide a comprehensible explanation of the PRIIP, as well as enable retail investors to compare the KID with other similar investment product KIDs and is intended to enable investors to make more informed investment choices. This includes, for example, details of future performance scenarios, and the assumptions made to produce them, but does not include details of past performance.

PRIIPs include both packaged retail investment products (that is, investment products in relation to which the amount repayable to the retail investor fluctuates because of exposure to reference values or to the performance of one or more assets that are not directly purchased by the retail investor) and insurance-based investment products (that is, insurance products that offer a maturity or surrender value that is directly or indirectly exposed to market fluctuations). This includes products such as units in an investment fund, life insurance policies with an investment element and structured deposits. As such, the Combined Group will, if the Merger completes, be required to comply with KID requirements when manufacturing such products in the future.

#### *Fourth Anti Money-Laundering Directive*

The fourth money-laundering directive (“**MLD<sub>4</sub>**”) entered into force on 25 June 2015 and must be implemented by 26 June 2017. Key changes introduced by MLD<sub>4</sub> will include changes to the scope of the anti-money-laundering regime, measures designed to provide enhanced clarity and accessibility with regard to beneficial owner information, a tightening of the rules on when simplified due diligence can be used and a strengthening of the sanctioning powers of national supervisors through the introduction of a set of minimum principles-based rules. When implemented, MLD<sub>4</sub> will apply to those firms within scope of the third money-laundering directive (Directive 2005/60/EC), including certain regulated entities in the Combined Group

#### *EU Data Protection Legislation*

The General Data Protection Regulation (“**GDPR**”) was published in the Official Journal of the EU on 4 May 2016 and will apply from 25 May 2018. The GDPR will repeal the Data Protection Directive. The GDPR will increase the territorial scope of the existing EU data protection framework and impose stronger sanctions on those who breach it, amongst other things. It will also change the ways in which personal data is collected and used, requiring data subjects to give unambiguous or explicit consent in some cases and introduce increased enforcement powers, empowering national data protection authorities to impose fines of up to 4% of annual turnover, or 20 million euros, whichever is greater.

#### *EMIR*

EMIR imposes a number of requirements on the counterparties to derivative transactions, central counterparties (“**CCPs**”) and trade repositories. The Regulation came into force on 16 August 2012, but is yet to be fully effective. The requirements introduced by EMIR include the obligation to clear standardised OTC derivative contracts centrally, risk mitigation requirements relating to uncleared derivative contracts, reporting obligations and requirements relating to CCPs and trade repositories. The reporting obligation has applied in relation to all categories of derivative contract since 12 February 2014, while a number of risk mitigation requirements are also already in effect. While the clearing obligation has applied in relation to certain interest rate derivatives since 21 June 2016, it is yet to become effective in relation to other categories of derivative contract. When fully effective, EMIR will affect the way in which the Standard Life Group, the Aberdeen Group and, if the Merger completes, the Combined Group, trade in derivative contracts.

#### *SFT Regulation*

The SFT Regulation imposes a number of requirements on the parties to securities financing transactions. In broad terms, a securities financing transaction is any transaction that used assets belonging to one counterparty as a means of generating financing. This includes the lending or borrowing of securities, repurchase or reverse repurchase transactions and buy-sell back or sell-buy back transactions. The Regulation came into force on 12 January 2016 and, in relation to most requirements, applied from that date.

In broad terms, the SFT Regulation requires counterparties to securities financing transactions to report such transactions to trade repositories and imposes prior risk disclosure and consent requirements on counterparties before they may reuse or rehypothecate assets. In relation to UCITS management companies, UCITS investment companies and AIFMs in particular, the SFT Regulation imposes detailed reporting requirements relating to securities financing transactions entered into by investment funds. Under UK rules that give effect to requirements under the SFT Regulation, UCITS management companies and AIFMs (including such firms in the Standard Life Group and Aberdeen Group and, if the Merger completes, the Combined Group) are also required to disclose their use of securities financing transactions and total return swaps in the relevant funds’ pre-contractual documents and periodic reports to investors.

## PART XIV TAXATION

### 1. UK TAXATION

*The following paragraphs are intended only as a general guide to current UK tax law and what is understood to be HMRC's current published practice, which are both subject to change at any time, possibly with retroactive effect. Furthermore, the following paragraphs are not exhaustive and relate only to certain limited aspects of the UK tax consequences of holding or disposing of New Shares.*

*The paragraphs below are intended to apply only to holders of New Shares: (i) who are resident and, in the case of individuals, also domiciled in the UK for UK tax purposes; (ii) to whom split-year treatment does not apply; (iii) who are the absolute beneficial owners of their New Shares and any dividends paid in respect of them; (iv) who hold their New Shares as investments (otherwise than through an individual savings account or a pension arrangement) and not as securities to be realised in the course of a trade; (v) who hold less than 5% of the New Shares; and (vi) to whom the UK tax rules concerning carried interest do not apply in relation to their holding or disposal of New Shares.*

*The paragraphs below may not apply to certain holders of New Shares, such as dealers in securities, broker dealers, insurance companies and collective investment schemes, pension schemes, persons who are otherwise exempt from UK taxation and persons who have (or are deemed to have) acquired their New Shares by virtue of an office or employment. Such holders of New Shares may be subject to special rules.*

**The material set out in the paragraphs below does not constitute tax advice. Any person who is in any doubt as to their tax position or who is subject to tax in a jurisdiction other than the UK should consult an appropriate professional adviser.**

#### 1.1 Withholding tax on dividends

Standard Life will not be required to withhold tax at source when paying a dividend.

#### 1.2 Direct taxation of dividends paid to individuals

The tax treatment of dividends paid by Standard Life to individual holders of New Shares will be as follows.

- All dividends received by an individual will, except to the extent that they are earned through an individual savings account, self-invested pension plan or other regime that exempts the dividends from tax, form part of that individual's total income for income tax purposes and will represent the highest part of that income.
- A nil rate of income tax will apply to the first £5,000 of taxable dividend income received by an individual holder of New Shares in a tax year (the "**Nil Rate Amount**"), regardless of what tax rate would otherwise apply to that dividend income. A reduction in the Nil Rate Amount to £2,000 with effect from 6 April 2018 was announced as part of the Spring Budget 2017. However, the implementing provisions were withdrawn from the Finance (No. 2) Bill 2017 due to the need to pass the bill in truncated form ahead of the early dissolution of Parliament and the forthcoming General Election. It is therefore not certain whether and when the reduction will come into effect.
- Any taxable dividend income received by an individual holder of New Shares in a tax year in excess of the Nil Rate Amount will be taxed at the rates as set out below. That tax will be applied to the amount of the dividend income actually received by the individual holder of New Shares.

Where a holder of New Shares's taxable dividend income for a tax year exceeds the Nil Rate Amount, the excess amount (the "**Relevant Dividend Income**") will, subject to the availability of any income tax personal allowance, be liable to income tax at the following rates for the 2017/18 tax year:

- at the rate of 7.5%, to the extent that the Relevant Dividend Income falls below the threshold for the higher rate of income tax;
- at the rate of 32.5%, to the extent that the Relevant Dividend Income falls above the threshold for the higher rate of income tax but below the threshold for the additional rate of income tax; and
- at the rate of 38.1%, to the extent that the Relevant Dividend Income falls above the threshold for the additional rate of income tax.

In determining whether and, if so, to what extent the Relevant Dividend Income falls above or below the threshold for the higher rate of income tax or, as the case may be, the additional rate of income tax, the holder of New Shares's total taxable dividend income for the tax year in question (including the part within the Nil Rate Amount) will, as noted above, be treated as the highest part of the holder of New Shares's total income for income tax purposes.

### **1.3 Direct taxation of dividends paid to companies**

Holders of New Shares within the charge to corporation tax that are "small companies" (for the purposes of UK taxation of dividends) will not generally be subject to tax on dividends from Standard Life.

Other holders of New Shares within the charge to corporation tax will not be subject to tax on dividends from Standard Life so long as the dividends fall within an exempt class and certain conditions are met. In general: (i) dividends paid on non-redeemable shares that do not carry any present or future preferential rights to dividends or to the payer's assets on its winding-up, and (ii) dividends paid to a person holding less than 10% of the issued share capital of the payer (or any class of that share capital in respect of which the distribution is made) and who is entitled to less than 10% of the profits available for distribution and would be entitled to less than 10% of the assets available for distribution on a winding-up, are examples of dividends that fall within an exempt class.

### **1.4 Chargeable gains**

#### ***Individuals***

A disposal or deemed disposal of New Shares may give rise to a chargeable gain (or allowable loss) for the purposes of UK capital gains tax, depending on the circumstances and subject to any available exemption or relief. No indexation allowance will be available to an individual holder of New Shares in respect of any disposal of New Shares. However, the capital gains tax annual exempt amount (which is £11,300 for individuals in the 2017/18 tax year) may be available to exempt any chargeable gain, to the extent that the exemption has not already been utilised.

Generally, capital gains tax will be charged at 10% to the extent that the total chargeable gains and total taxable income arising in a tax year, after all allowable deductions (including losses, the income tax personal allowance and the capital gains tax annual exempt amount), are less than the upper limit of the income tax basic rate band. To the extent that any chargeable gains (or part of any chargeable gains) arising in a tax year exceed the upper limit of the income tax basic rate band when aggregated with any such income (in the manner referred to above), capital gains tax will be charged at 20%.

## **Companies**

A disposal or deemed disposal of New Shares may give rise to a chargeable gain (or allowable loss) for the purposes of UK corporation tax, depending on the circumstances and subject to any available exemption or relief. Indexation allowance may reduce the amount of any chargeable gain for these purposes, but may not create or increase any allowable loss.

### **1.5 Stamp duty and stamp duty reserve tax (“SDRT”)**

*The following statements are intended as a general guide to the current UK stamp duty and SDRT position, and apply regardless of whether or not a holder of New Shares is resident in the UK. It should be noted that certain categories of person, including market makers, brokers, dealers, and other specified market intermediaries, are entitled to exemption from stamp duty and SDRT in respect of purchases of securities in specified circumstances.*

A sale of New Shares will generally be subject to UK stamp duty (if the shares are held in certificated form) or SDRT (if the sale is settled through the UK’s CREST system of paperless transfers), in either case at the rate of 0.5% of the amount or value of the consideration paid for the New Shares.

Where New Shares are held in uncertificated form, SDRT will also arise on the unconditional agreement to transfer the New Shares. However, provided that a document of transfer (usually a stock transfer form) is executed pursuant to the agreement and duly stamped (unless certified as exempt) within six years of the date on which the agreement was made or becomes unconditional, the SDRT charge will be cancelled automatically and any SDRT already paid may be reclaimed where a valid reclaim is made.

Any stamp duty payable will be rounded up to the nearest £5 per instrument.

No stamp duty will be payable if the amount or value of the consideration for a transfer of New Shares is (and is certified to be) £1,000 or less and the transfer does not form part of a larger transaction, or series of transactions, where the aggregate consideration exceeds £1,000. Stamp duty or SDRT is usually paid or borne by the purchaser.

Stamp duty or SDRT may be charged at the higher rate of 1.5% on transfers of New Shares into a clearance system or a depositary receipt system.

## **2. U.S. TAXATION**

The following is a general summary of certain U.S. federal income tax considerations applicable to a Holder with respect to the ownership and disposition of Standard Life Shares. This summary is for general information purposes only and does not purport to be a complete analysis or listing of all potential U.S. federal income tax considerations that may apply to a U.S. Holder (as defined below) as a result of the ownership and disposition of Standard Life Shares received pursuant to the Merger. In addition, this summary does not take into account the individual facts and circumstances of any particular Holder that may affect the U.S. federal income tax consequences to such Holder. This summary does not address the U.S. federal income tax considerations for Holders that are subject to special provisions under the Code, including, but not limited to, the following: (a) Holders that are tax-exempt organisations, qualified retirement plans, individual retirement accounts, or other tax-deferred accounts; (b) Holders that are financial institutions, underwriters, insurance companies, real estate investment trusts, or regulated investment companies; (c) Holders that are broker-dealers, dealers, or traders in securities or currencies that elect to apply a mark-to-market accounting method; (d) Holders that have a “functional currency” other than the U.S. dollar; (e) Holders that own Standard Life Shares as part of a straddle, hedging

transaction, conversion transaction, constructive sale, or other arrangement involving more than one position; (f) Holders that hold Standard Life Shares other than as a capital asset within the meaning of Section 1221 of the Code; and (h) Holders that own, directly, indirectly, or by attribution, 5% or more, by voting power or value, of outstanding Standard Life Shares. Accordingly, this summary is not intended to be, and should not be construed as, legal or U.S. federal income tax advice with respect to any Holder. This summary does not address the U.S. federal alternative minimum, U.S. federal Medicare contribution, U.S. federal estate and gift, U.S. state and local, and non-U.S. tax consequences to U.S. Holders of the acquisition, ownership, and disposition of Standard Life Shares. In addition, except as specifically set forth below, this summary does not discuss applicable income tax reporting requirements. Each Holder should consult its own tax advisors regarding the U.S. federal alternative minimum, U.S. federal Medicare contribution, U.S. federal estate and gift, U.S. state and local, and non-U.S. tax consequences of the acquisition, ownership, and disposition of Standard Life Shares.

No legal opinion from U.S. legal counsel or ruling from the U.S. Internal Revenue Service (“**IRS**”) has been requested, or will be obtained, regarding any U.S. tax consequences of the ownership and disposition of Standard Life Shares received pursuant to the Merger. This summary is not binding on the IRS, and the IRS is not precluded from taking a position that is different from, and contrary to, the positions taken in this summary. In addition, because the authorities on which this summary is based are subject to various interpretations, the IRS and the U.S. courts could disagree with one or more of the positions taken in this summary.

This summary is based on the Internal Revenue Code of 1986, as amended (the “**Code**”), U.S. Treasury Regulations (whether final, temporary, or proposed), published rulings of the IRS, published administrative positions of the IRS, the Convention Between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and on Capital Gains, signed July 24, 2001, as amended (the “**UK-U.S. Treaty**”), and U.S. court decisions that are applicable and, in each case, as in effect and available, as of the date of this Prospectus. Any of the authorities on which this summary is based could be changed in a material and adverse manner at any time, and any such change could be applied on a retroactive or prospective basis which could affect the U.S. federal income tax considerations described in this summary. This summary does not discuss the potential effects, whether adverse or beneficial, of any proposed legislation that, if enacted, could be applied on a retroactive or prospective basis.

For the purposes of this summary, the term “**U.S. Holder**” means a beneficial owner of Standard Life Shares that is for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the U.S.;
- a corporation (or other entity taxable as a corporation organized under the laws of the U.S., any state thereof or the District of Columbia;
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- a trust that (a) is subject to the primary supervision of a court within the U.S. and the control of one or more U.S. persons for all substantial decisions or (b) has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person.

For the purposes of this summary, a “**non-U.S. Holder**” means a beneficial owner of Standard Life Shares that, for U.S. federal income tax purposes, is not a U.S. Holder or a partnership.

For the purposes of this summary, a “**Holder**” means a beneficial owner of Standard Life Shares.

If an entity that is classified as a partnership (or “pass-through” entity) for U.S. federal income tax purposes holds Standard Life Shares, the U.S. federal income tax consequences to such partnership and the partners of such partnership of the ownership of Standard Life Shares generally will depend in part on the activities of the partnership and the status of such partners. This summary does not address the tax consequences to any such partnership or partner. Partners of entities that are classified as partnerships for U.S. federal income tax purposes should consult their own tax advisors regarding the U.S. federal income tax consequences of the ownership and disposition of Standard Life Shares.

## **2.1 U.S. Holders**

### *Passive Foreign Investment Company Rules*

The tax treatment of a U.S. Holder depends on whether Standard Life is classified as a “passive foreign investment company” within the meaning of Section 1297 of the code (a “**PFIC**”). In general, a non-U.S. corporation is classified as a PFIC for any taxable year in which either: (i) 75% or more of its gross income is passive income (generally including, dividends, interest, rents, royalties or gains from commodities or securities transactions) or (ii) 50% or more of the quarterly average value of its gross assets is comprised of passive assets (generally assets that either produce or are held for the production of passive income or do not produce income) (the “**PFIC Tests**”). For the purposes of applying these PFIC Tests, the non-U.S. corporation is deemed to own a proportionate share of the assets of, and to receive directly a proportionate share of the income of, any other corporation in which the non-U.S. corporation owns, directly or indirectly, at least 25% by value of its stock. In classifying income and assets as passive, certain special rules and exceptions apply. One such exception is that income derived in, and related assets (including reasonable reserves) held in connection with, the active conduct of a qualifying insurance business are not classified as passive (the “**Insurance Business Exception**”). The PFIC Tests are applied annually after the close of each taxable year.

In general, a substantial portion of the income of Standard Life is passive income, and a substantial portion of the assets of Standard Life, are assets that produce passive income. However, Standard Life holds many of these assets and receives a substantial portion of this income in connection with its insurance business. There is little authority regarding the Insurance Business Exception. It is not clear whether any income derived by Standard Life from its insurance businesses would qualify for the Insurance Business Exception, and if so, what amount of Standard Life’s otherwise passive income would qualify for the Insurance Business Exception.

Accordingly, it is not clear whether Standard Life is a PFIC. Standard Life does not intend to undertake any analysis to determine whether it is a PFIC. U.S. Holders should consult their own tax advisors regarding the classification of Standard Life as a PFIC. If Standard Life is a PFIC for any tax year during which a U.S. Holder holds Standard Life Shares, the U.S. federal income tax consequences to such U.S. Holder of the acquisition, ownership and disposition of Standard Life Shares are described below under the heading “*Tax Consequences if Standard Life is a PFIC*”. Otherwise, the U.S. federal income tax consequences to such U.S. Holder are described below under the heading “*Tax Consequences if Standard Life is not a PFIC*”.

In addition, under certain attribution rules, if Standard Life is a PFIC, U.S. Holders will generally be deemed to own their proportionate share of Standard Life’s direct or indirect equity interest in any company that is also a PFIC (a “**Subsidiary PFIC**”), and will be subject to U.S. federal income tax on their proportionate share of (a) any “excess distributions,” as described below, on the stock of a Subsidiary PFIC and (b) a disposition or deemed disposition of the stock of a Subsidiary PFIC by Standard Life or another Subsidiary PFIC, both as if such U.S. Holders directly held the shares of such Subsidiary PFIC. In addition, U.S. Holders may be subject to U.S. federal income tax on any indirect gain realised on the stock of a Subsidiary PFIC on the sale or disposition of Standard Life Shares. Accordingly, U.S. Holders should be aware that they could be subject to tax even if no distributions are received and no redemptions or other dispositions of Standard Life Shares are made.

## ***Tax Consequences if Standard Life is not a PFIC***

### *Distributions*

A U.S. Holder that receives a distribution, including a constructive distribution, with respect to a Standard Life Share will be required to include the amount of such distribution in gross income as a dividend (without reduction for any UK income tax withheld from such distribution) in accordance with such U.S. Holder's ordinary method of accounting. Subject to applicable limitations, dividends paid with respect to Standard Life Shares to non-corporate U.S. Holders, including individuals, generally would be eligible for the preferential tax rates applicable to long-term capital gains for qualifying dividend income. Dividends received by corporate U.S. Holders would not be eligible for the dividends received deduction.

### *Sale or Other Taxable Disposition of Standard Life Shares*

Upon the sale or other taxable disposition of Standard Life Shares, a U.S. Holder generally will recognise a capital gain or loss in an amount equal to the difference between the U.S. dollar value of cash received plus the fair market value of any property received and such U.S. Holder's tax basis in such Standard Life Shares sold or otherwise disposed of. A gain or loss recognised on such sale or other disposition generally will be a long-term capital gain or loss if, at the time of the sale or other disposition, the U.S. Holder's holding period for the Standard Life Shares is greater than one year. Preferential tax rates currently apply to long-term capital gains of a U.S. Holder that is an individual, estate, or trust. Deductions for capital losses are subject to limitations.

## ***Tax Consequences if Standard Life is a PFIC***

If Standard Life is a PFIC for any tax year during which a U.S. Holder owns Standard Life Shares, the U.S. federal income tax consequences to such U.S. Holder of the acquisition, ownership, and disposition of Standard Life Shares will depend on whether and when such U.S. Holder makes a Mark-to-Market Election with respect to Standard Life. A U.S. Holder that does not make a Mark-to-Market Election with respect to their Standard Life Shares will be referred to in this summary as a "**Non-Electing U.S. Holder.**"

### *Non-Electing Holders*

A Non-Electing U.S. Holder will be subject to the rules of Section 1291 of the Code (described below) with respect to (a) any gain recognised on the sale or other taxable disposition of Standard Life Shares and (b) any "excess distribution" received on the Standard Life Shares. A distribution generally will be an "excess distribution" to the extent that such distribution (together with all other distributions received in the same tax year) exceeds 125% of the average distributions received during the three preceding tax years (or during a Non-Electing U.S. Holder's holding period for the Standard Life Shares, if shorter).

Under Section 1291 of the Code, any gain recognised on the sale or other taxable disposition of Standard Life Shares (including an indirect disposition of the stock of any Subsidiary PFIC), and any "excess distribution" received on Standard Life Shares or with respect to the stock of a Subsidiary PFIC, must be ratably allocated to each day in a Non-Electing U.S. Holder's holding period for the respective Standard Life Shares. The amount of any such gain or excess distribution allocated to the tax year of disposition or distribution of the excess distribution and to years before Standard Life became a PFIC, if any, would be taxed as ordinary income. The amounts allocated to any other tax year would be subject to U.S. federal income tax at the highest tax rate applicable in each such year, and an interest charge would be imposed on the tax liability for each such year, calculated as if such tax liability had been due in each such year.

If Standard Life is a PFIC for any tax year during which a Non-Electing U.S. Holder holds Standard Life Shares, Standard Life will continue to be treated as a PFIC with respect to such Non-Electing U.S. Holder,

regardless of whether Standard Life ceases to be a PFIC in one or more subsequent tax years. A Non-Electing U.S. Holder may terminate this deemed PFIC status by electing to recognise a gain (which will be taxed under the rules of Section 1291 of the Code discussed above), but not a loss, as if such Standard Life Shares were sold on the last day of the last tax year for which Standard Life was a PFIC.

### *Mark-to-Market Election*

A U.S. Holder may make a “mark-to-market” election (a “**Mark-to-Market Election**”) only if the Standard Life Shares are marketable stock. The Standard Life Shares generally will be “marketable stock” if the Standard Life Shares are regularly traded on (a) a national securities exchange that is registered with the SEC, (b) the national market system established pursuant to section 11A of the U.S. Securities and Exchange Act, or (c) a qualifying foreign securities exchange. Stock traded on such a qualified exchange or other market generally will be “regularly traded” for any calendar year during which such stock is traded, other than in de minimis quantities, on at least 15 days during each calendar quarter. Standard Life believes that the London Stock Exchange is a qualifying foreign securities exchange.

A U.S. Holder that makes a Mark-to-Market Election with respect to its Standard Life Shares generally will not be subject to the rules of Section 1291 of the Code discussed above with respect to such Standard Life Shares. However, if a U.S. Holder does not make a Mark-to-Market Election beginning in the first tax year of such U.S. Holder’s holding period for the Standard Life Shares, the rules of Section 1291 of the Code discussed above will apply to certain dispositions of, and distributions on, the Standard Life Shares.

A U.S. Holder that makes a Mark-to-Market Election must include in ordinary income, for each tax year in which Standard Life is a PFIC, an amount equal to the excess, if any, of (a) the fair market value of the Standard Life Shares, as of the close of such tax year over (b) such U.S. Holder’s adjusted tax basis in such Standard Life Shares. A U.S. Holder that makes a Mark-to-Market Election will be allowed a deduction in an amount equal to the excess, if any, of (a) such U.S. Holder’s adjusted tax basis in the Standard Life Shares, over (b) the fair market value of such Standard Life Shares (but only to the extent of the net amount of previously included income as a result of the Mark-to-Market Election for prior tax years).

A U.S. Holder that makes a Mark-to-Market Election generally also will adjust such U.S. Holder’s tax basis in the Standard Life Shares to reflect the amount included in gross income or allowed as a deduction because of the Mark-to-Market Election. In addition, upon a sale or other taxable disposition of Standard Life Shares, any gain recognised by such U.S. Holder will be ordinary income. Any loss recognised will be ordinary loss up to an amount equal to the excess, if any, of (a) the amount included in ordinary income because of such Mark-to-Market Election for prior tax years over (b) the amount allowed as a deduction because of such Mark-to-Market Election for prior tax years. Losses in excess of this amount will be long-term capital loss if, at the time of the sale or other disposition, the U.S. Holder has held the Standard Life Shares for more than one year. Deductions for capital losses are subject to limitations.

A Mark-to-Market Election applies to the tax year in which such Mark-to-Market Election is made and to each subsequent tax year, unless the Standard Life Shares cease to be “marketable stock” or the IRS consents to revocation of such election. Each U.S. Holder should consult its own tax advisers regarding the availability of, and procedure for making, a Mark-to-Market Election.

Although a U.S. Holder may be eligible to make a Mark-to-Market Election with respect to the Standard Life Shares, no such election may be made with respect to the stock of any Subsidiary PFIC that a U.S. Holder is treated as owning, because such stock will not be marketable. Hence, the Mark-to-Market Election will not be effective to avoid the application of the default rules of Section 1291 of the Code described above with respect to deemed dispositions of Subsidiary PFIC stock or excess distributions from a Subsidiary PFIC.

### *QEF Election*

Separate rules apply if a U.S. Holder makes an election to treat Standard Life as a qualified electing fund (“**QEF Election**”) for U.S. federal income tax purposes. To make a QEF Election, Standard Life must provide U.S. Holders with certain information compiled according to U.S. federal income tax principles. Standard Life currently does not intend to compile such information for U.S. Holders. Therefore, the QEF Election will not be available.

### *Distributions*

Subject to the rules of Section 1291 of the Code with respect to any “excess distribution” received by a Non-Electing U.S. Holder, a U.S. Holder that receives a distribution, including a constructive distribution, with respect to a Standard Life Share will be required to include the amount of such distribution in gross income as a dividend (without reduction for any UK income tax withheld from such distribution) in accordance with such U.S. Holder’s ordinary method of accounting. Dividends received from a corporation that was a PFIC in the taxable year the dividend was paid or the preceding taxable year do not qualify for preferential rates.

Foreign taxes paid with respect to any distribution in respect of stock in a PFIC generally are eligible for the foreign tax credit. However, special rules also apply to the amount of foreign tax credit that a U.S. Holder may claim on a distribution from a PFIC. The rules relating to distributions by a PFIC and their eligibility for the foreign tax credit are complicated, and a U.S. Holder should consult with its own tax advisers regarding their application to the U.S. Holder.

### *Miscellaneous*

In any year in which Standard Life is classified as a PFIC, a U.S. Holder may be required to file an annual report with the IRS containing such information as Treasury Regulations and/or other IRS guidance may require.

The PFIC rules are complex, and each U.S. Holder should consult its own tax advisers regarding the PFIC rules and how the PFIC rules may affect the U.S. federal income tax consequences of the acquisition, ownership, and disposition of Standard Life Shares.

### ***Additional Considerations for all U.S. Holders***

#### *Receipt of Foreign Currency*

The amount of any distribution paid in pounds sterling will be included in the gross income of a U.S. Holder as translated into U.S. dollars calculated by reference to the exchange rate prevailing on the date of actual or constructive receipt of the distribution, regardless of whether the pounds sterling is converted into U.S. dollars at that time.

For cash basis U.S. Holders who receive pounds sterling in connection with a sale or other taxable disposition of Standard Life Shares, the amount realized will be based on the U.S. dollar value of the pounds sterling received with respect to such Standard Life Shares as determined on the settlement date of such sale or other taxable disposition.

Accrual basis U.S. Holders may elect the same treatment required of cash basis taxpayers with respect to a sale or other taxable disposition of Standard Life Shares, provided that the election is applied consistently from year to year. Such election may not be changed without the consent of the IRS. Accrual basis U.S.

Holders that do not elect to be treated as cash basis taxpayers for this purpose may have a foreign currency gain or loss for U.S. federal income tax purposes because of differences between the U.S. dollar value of the pounds sterling received prevailing on the date of the sale or other taxable disposition of Standard Life Shares and the settlement date (whether or not the pounds sterling received is converted into U.S. dollars on that date).

If the pounds sterling received are not converted into U.S. dollars on the date of receipt, a U.S. Holder will have a basis in the pounds sterling equal to its U.S. dollar value on the date of receipt in the case of a distribution or the settlement date in the case of a sale or other taxable disposition. Any U.S. Holder who receives payment in pounds sterling and engages in a subsequent conversion or other disposition of the pounds sterling may have a foreign currency exchange gain or loss that would be treated as ordinary income or loss, and generally will be U.S. source income or loss for foreign tax credit purposes.

Each U.S. Holder should consult its own U.S. tax advisors regarding the U.S. federal income tax consequences of receiving, owning, and disposing of pounds sterling.

#### *Foreign Tax Credit*

A U.S. Holder that pays (whether directly or through withholding) UK income tax in connection with the ownership or disposition of Standard Life Shares may be entitled, at the election of such U.S. Holder, to receive either a deduction or a credit for such UK income tax paid. Generally, a credit will reduce a U.S. Holder's U.S. federal income tax liability on a dollar-for-dollar basis, whereas a deduction will reduce a U.S. Holder's income subject to U.S. federal income tax. This election is made on a year-by-year basis and applies to all foreign taxes paid (whether directly or through withholding) by a U.S. Holder during a tax year.

Complex limitations apply to the foreign tax credit, including the general limitation that the credit cannot exceed the proportionate share of a U.S. Holder's U.S. federal income tax liability that such U.S. Holder's "foreign source" taxable income bears to such U.S. Holder's worldwide taxable income. In applying this limitation, a U.S. Holder's various items of income and deduction must be classified, under complex rules, as either "foreign source" or "U.S. source." Generally, dividends paid by a foreign corporation should be treated as foreign source for this purpose, and gains recognized on the sale of stock of a foreign corporation by a U.S. Holder should be treated as U.S. source for this purpose, except as otherwise provided in an applicable income tax treaty, and if an election is properly made under the Code. The foreign tax credit rules are complex, and each U.S. Holder should consult its own U.S. tax advisors regarding the foreign tax credit rules.

#### *Reportable Transactions*

A U.S. Holder that participates in any "reportable transaction" (as defined in U.S. Treasury regulations) must attach to its U.S. federal income tax return a disclosure statement on IRS Form 8886. U.S. Holders should consult their own tax advisors as to the possible obligation to file IRS Form 8886 with respect to the sale, exchange or other disposition of any non-U.S. currency received as a dividend on, or as proceeds from the sale of, Standard Life Shares.

#### *Information Reporting and Backup Withholding*

A U.S. Holder may be subject to information reporting unless it establishes that payments to it are exempt from these rules. For example, payments to corporations generally are exempt from information reporting and backup withholding. Payments that are subject to information reporting may be subject to backup withholding if a U.S. Holder does not provide its taxpayer identification number and otherwise comply with

the backup withholding rules. Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules are available to be credited against a U.S. Holder's U.S. federal income tax liability and may be refunded to the extent they exceed such liability, provided the required information is timely provided to the IRS.

Under U.S. federal income tax law and Treasury Regulations, certain categories of U.S. Holders must file information returns with respect to their investment in, or involvement in, a non-U.S. corporation. For example, U.S. return disclosure obligations (and related penalties) are imposed on individuals who are U.S. Holders that hold certain specified foreign financial assets in excess of \$50,000. The definition of specified non-U.S. financial assets includes not only financial accounts maintained in foreign financial institutions, but also, unless held in accounts maintained by a financial institution, any stock or security issued by a non-U.S. person, any financial instrument or contract held for investment that has an issuer or counterparty other than a U.S. person and any interest in a non-U.S. entity. U.S. Holders should consult with their own tax advisers regarding the requirements of filing information returns under these rules, including the requirement to file an IRS Form 8938.

## **2.2 Non-U.S. Holders**

A Non-U.S. Holder generally should not be subject to U.S. federal income or withholding tax on any distributions made on the Standard Life Shares or gain from the sale, redemption or other disposition of the Standard Life Shares unless: (a) that distribution and/or gain is effectively connected with the conduct by that Non-U.S. Holder of a trade or business in the United States (and, if an applicable treaty applies, is attributable to a permanent establishment in the United States); or (b) in the case of any gain realised on the sale or exchange of a Standard Life Share by an individual Non-U.S. Holder, that Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of the sale, exchange or retirement and certain other conditions are met.

**PART XV**  
**DIRECTORS, PROPOSED DIRECTORS, SENIOR MANAGEMENT**  
**AND CORPORATE GOVERNANCE**

**1. STANDARD LIFE DIRECTORS, STANDARD LIFE SENIOR MANAGER AND PROPOSED DIRECTORS**

**1.1 The Standard Life Board**

Standard Life has a single tier board of directors headed by a non-executive Chairman, with management led by a CEO. The Standard Life Board comprises:

**STANDARD LIFE DIRECTORS**

<b>Name</b>	<b>Position</b>	<b>Date appointed as a Standard Life Director</b>
Sir Gerald Edgar Grimstone	Chairman	30 March 2006
Kevin Allen Huw Parry	Senior independent director	27 October 2014
Norman Keith Skeoch	Chief Executive	25 May 2006
Luke Savage	Chief Financial Officer	18 August 2014
Colin Martin Clark	Global Client Director	1 November 2015
Finbar Anthony O'Dwyer	CEO Pensions and Savings	1 March 2017
Pierre Danon	Non-executive director	20 October 2011
John Devine	Non-executive director	4 July 2016
Melanie Gee	Non-executive director	1 November 2015
Elizabeth Noel Harwerth	Non-executive director	20 July 2012
Lynne Margaret Peacock	Non-executive director	1 April 2012
Martin St Clair Pike	Non-executive director	27 September 2013

**1.2 Details of Standard Life Directors**

Short biographies of the Standard Life Directors and details of their roles, including the principal activities performed by the Standard Life Directors outside the Standard Life Group and its joint arrangements, are provided below.

***Sir Gerald Edgar Grimstone***

*Chairman*

Sir Gerry was born on 27 August 1949. A British national, he was appointed as a director of Standard Life on 30 March 2006 and as Chairman of the Standard Life Board on 29 May 2007. He served as Deputy Chairman of the Standard Life Board from 30 March 2006 to 29 May 2007.

Sir Gerry is also Deputy Chairman and Senior Independent Director of Barclays PLC, an independent, public interest, Non-executive board member of Deloitte LLP and the Lead Non-Executive at the Ministry of Defence. Previously, he held senior positions within the Department of Health and Social Security and HM Treasury, and with Schroders plc in London, Hong Kong and New York. He was Vice Chairman of Schroders' worldwide investment banking activities from 1998 to 1999.

### **Kevin Allen Huw Parry**

#### *Senior Independent Director*

Kevin was born on 29 January 1962. A British national, he was appointed as a director of Standard Life on 27 October 2014.

Kevin is the Company's Senior Independent Director. Kevin is also Chairman of Intermediate Capital Group plc and a Non-executive director of Daily Mail and General Trust plc and Nationwide Building Society. Kevin was previously Chairman of the Homes and Community Agency, a Non-Executive Board Member of Knight Frank LLP, CFO of Schroders plc, CEO at Management Consulting Group PLC and was a managing partner at KPMG.

### **Norman Keith Skeoch**

#### *Chief Executive*

Keith was born on 5 November 1956. A British national, he was appointed as Chief Executive of Standard Life on 5 August 2015, having been a director of Standard Life since 25 May 2006 and Chief Executive of Standard Life Investments Limited since 2004.

Keith joined Standard Life Investments Limited in 1999 as Chief Investment Officer after nearly 20 years' investment experience at James Capel & Company Limited in a number of roles, including Chief Economist and Managing Director International Equities. He is also a Non-executive director of the Financial Reporting Council.

### **Luke Savage**

#### *Chief Financial Officer*

Luke was born on 13 June 1961. A British national, he was appointed as a director of Standard Life and Chief Financial Officer of Standard Life on 18 August 2014.

Luke joined Standard Life from Lloyd's of London where he was Director of Finance and Operations. Luke has held senior finance roles at Deutsche Bank (UK), Morgan Stanley & Company (UK) and Lloyds Bank. He is a member of the Institute of Chartered Accountants of England and Wales and is a member of the governing body of Queen Mary, University of London.

### **Colin Martin Clark**

#### *Global Client Director*

Colin was born on 2 April 1959. A British national, he was appointed as a director of Standard Life on 1 November 2015.

Colin was appointed to the Board of Standard Life Investments Limited in 2004 as a Non-executive director. In 2010, he assumed executive responsibility for global client relationship activity, including client management, product development, distribution management and brand management. Previously, he spent 20 years with Mercury Asset Management/Merrill Lynch Investment Managers, becoming Head of Global Marketing in 1999.

### ***Finbar Anthony O'Dwyer***

#### *CEO Pensions and Savings*

Barry was born on 10 May 1971. An Irish national, he was appointed as a director of Standard Life on 1 March 2017.

Barry joined Standard Life in 1988 and between then and 2008 held various marketing, product development and actuarial roles. From 2008 to 2013 he held senior roles with HBOS and Prudential, including as Prudential's Deputy Chief Executive, UK & Europe. He re-joined Standard Life in 2013 as Managing Director of Workplace and Corporate Pensions, and was appointed CEO of Standard Life Assurance Limited in 2016.

### ***Pierre Danon***

#### *Non-executive director*

Pierre was born on 14 May 1956. A French national, he was appointed as a director of Standard Life on 20 October 2011.

Pierre is Chairman of TDC and Vice-Chairman of AgroGeneration, Executive Chairman of Volia and Independent Director of CIEL Investment Limited. From 2000–2005, Pierre was Chief Executive Officer of BT Retail and, subsequently, Chief Operating Officer of Capgemini Group and Chairman of Eircom.

### ***John Devine***

#### *Non-executive director*

John was born on 20 November 1958. A British national, he was appointed as a director of Standard Life on 4 July 2016.

John is a Non-executive director of Euroclear plc and Citco Custody Limited. From 2008 to 2010, John was Chief Operating Officer of Threadneedle Asset Management Limited ("Threadneedle"). Prior to joining Threadneedle, John held a number of senior positions at Merrill Lynch in London and New York.

### ***Melanie Gee***

#### *Non-executive director*

Melanie was born on 5 August 1961. A British national, she was appointed as a director of Standard Life on 1 November 2015.

Melanie is also a Non-Executive Director of The Weir Group PLC. Melanie was appointed a Managing Director of Lazard and Co. Limited in 2008 and became a Senior Adviser in 2012. Previously, she held various roles with UBS, having been appointed a Managing Director in 1999 and served as a Senior Relationship Director from 2006 to 2008.

### ***Elizabeth Noel Harwerth***

#### *Non-executive director*

Noel was born on 16 December 1947. A British and US national, she was appointed as a director of Standard Life on 20 July 2012.

Noel is Chair of the UK Export Finance Board. As part of this role she is also a Non-executive Member of the Department of International Trade Board. She is a Non-executive director of CHAPS Clearing Company Limited, Sirius Minerals Plc, The London Metal Exchange and the British Horseracing Authority Limited. Noel was previously with Citicorp for 15 years, latterly as the Chief Operating Officer of Citibank International.

### ***Lynne Margaret Peacock***

*Non-executive director*

Lynne was born on 26 December 1953. A British national, she was appointed as a director of Standard Life on 1 April 2012.

Lynne is Chairman of Standard Life Assurance Limited and Senior Independent Director of Nationwide Building Society and Non-executive director of Scottish Water. She joined National Australia Bank Limited in 2003 and, from 2004 to 2011, she was Chief Executive Officer, UK (Clydesdale Bank plc and Yorkshire Bank). Prior to that, Lynne was with Woolwich plc from 1983 to 2003, finishing her career there as Chief Executive Officer.

### ***Martin St Clair Pike***

*Non-executive director*

Martin was born on 27 September 1961. A British national, he was appointed as a director of Standard Life on 27 September 2013.

Martin is also a Non-executive director of esure Group plc and Faraday Underwriting Limited and a Non-executive advisor to Travers Smith LLP. He spent nearly 30 years as a strategic risk consultant, carrying out a wide range of strategic consulting projects and M&A assignments. His senior roles included Managing Director, Risk Consulting and Software, EMEA, at Towers Watson.

## **1.3 Standard Life Senior Manager**

### ***Roderick Louis Paris***

*Chief investment officer*

Rod was born on 25 August 1959. A British national, he was appointed as a director of Standard Life Investments Limited on 21 June 2004.

Rod is currently the Chief Investment Officer of Standard Life Investments Limited, a role he has held since 2007. Rod joined Standard Life Investments Limited in 2002 as Head of Global Fixed Income. Previously he was a Managing Director at Merrill Lynch Investment Managers, having earlier joined Mercury Asset Management in 1984.

As disclosed in paragraph 1.5 of this Part XV (*Directors, Proposed Directors, Senior Management and Corporate Governance*), it is proposed that Rod will become a director of the Combined Group.

## **1.4 The Board of the Combined Group**

It is intended that the Board of the Combined Group will have a single tier board of 16 directors headed by a non-executive Chairman, with management led by co-CEOs. The Board of the Combined Group will comprise the Continuing Directors and the Proposed Directors as set out below.

## BOARD OF DIRECTORS OF THE COMBINED GROUP

Name	Position post-completion of the Merger
Sir Gerry Grimstone	Chairman
Simon Troughton	Deputy Chairman
Kevin Parry	Senior Independent Director
Keith Skeoch	Co-CEO
Martin Gilbert	Co-CEO
Bill Rattray	Chief Financial Officer
Rod Paris	Chief Investment Officer
Akira Suzuki	Non-Executive Director
Gerhard Fusenig	Non-Executive Director
John Devine	Non-Executive Director
Julie Chakraverty	Non-Executive Director
Jutta af Rosenborg	Non-Executive Director
Lynne Peacock	Non-Executive Director
Martin Pike	Non-Executive Director
Melanie Gee	Non-Executive Director
Richard Mully	Non-Executive Director

### 1.5 Proposed Directors

The Proposed Directors, who will become directors of the Combined Group following the Merger, subject to regulatory approval, are as follows. Martin Gilbert, the Chief Executive Officer of Aberdeen will become co-CEO of the Combined Group, alongside Keith Skeoch. Bill Rattray will become Chief Financial Officer. Simon Troughton will become Deputy Chairman of the Combined Group. Rod Paris will become Chief Investment Officer of the Combined Group. Akira Suzuki, Gerhard Fusenig, Julie Chakraverty, Jutta af Rosenborg and Richard Mully will all become non-executive directors of the Combined Group. Short biographies of the Proposed Directors are provided below (with the exception of Rod Paris' biography which is set out at paragraph 1.3 of this Part XV).

#### ***Simon Troughton***

Simon was born on 23 November 1953. A British national, he was appointed to the Aberdeen Board on 29 July 2009.

Simon was a partner at Cazenove and Company Limited before moving to Fauchier Partners in 2003 where he became Chief Operating Officer. He qualified as a chartered surveyor having read Land Economy at Cambridge University. Simon was appointed Chairman on 1 October 2016. Simon is Chairman of Aberdeen's Nominations Committee.

### ***Martin Gilbert***

Martin was born on 13 July 1955. A British national, he was appointed as a director of the Aberdeen Board on 1 July 1983.

Martin trained as a chartered accountant prior to moving into investment management with an Aberdeen firm of solicitors. He is a founding director and shareholder of Aberdeen. Martin was appointed Chairman of the Prudential Regulation Authority's Practitioner Panel in December 2013. He sits on the Board of Directors of the Institute of International Finance. He is also a member of the International Advisory Panel of the Monetary Authority of Singapore and the International Advisory Board of British American Business. Martin is also the Deputy Chairman of Sky PLC and a non-executive director of Glencore plc. Martin is also a director of a number of Aberdeen managed investment trusts and funds' boards.

### ***Bill Rattray***

Bill was born on 24 October 1958. A British national, he was appointed to the Aberdeen Board on 31 January 1991.

Bill joined the Aberdeen Group in 1985 as Company Secretary and subsequently became Group Financial Controller. Prior to joining the Aberdeen Group, Bill trained as a chartered accountant with Ernst & Whinney in Aberdeen, qualifying in 1982. Bill is a director of a number of the Aberdeen Group's subsidiary companies. Bill is also a director of Curtis Bank Group plc.

### ***Akira Suzuki***

Akira was born on 16 April 1959. A Japanese national, he was appointed to the Aberdeen Board on 29 August 2013.

Akira joined Aberdeen through the business and capital alliance with Mitsubishi UFJ Trust and Banking Corporation. Akira has a Bachelor of Law degree from Keio University. Following graduation, Akira joined The Mitsubishi Trust and Banking Corporation and has undertaken a wide variety of roles, primarily in asset management. Akira is currently a Managing Executive Officer of MUTB and is based in Tokyo. Akira was appointed to the Aberdeen Board on 29 August 2013.

### ***Julie Chakraverty***

Julie was born on 28 October 1971. A British national, she was appointed to the Aberdeen Board on 4 May 2011.

Julie was appointed Senior Independent Director of Aberdeen on 1 October 2016. Previously she served on the boards of MS Amlin plc, Spirit Pubs and Paternoster Insurance. During her executive career Julie was a Board Member of UBS Investment Bank where she held a number of global leadership positions with a specialist background in digital platforms and fixed income.

The "CreditDelta" portfolio product she founded won industry awards for innovation every year between 2001 and 2009. In 2015, she was a judge at the London Innovator Awards. Julie is a Trustee for the Girls Day School Trust. Julie is chairman of the Aberdeen Group's risk committee.

### ***Gerhard Fusenig***

Gerhard was born on 28 December 1963. A German national, he was appointed to the Aberdeen Board on 25 April 2016.

Over the last 25 years Gerhard has held a number of senior management roles in asset management at Credit Suisse Group AG and UBS AG. He previously served as non-executive director on the Aberdeen Board between 2009 and 2012 following an agreement entered into by Aberdeen with Credit Suisse in 2008. Gerhard stepped down from the Board when Credit Suisse sold its Aberdeen shareholding and subsequently left Credit Suisse in 2013.

### ***Richard Mully***

Richard was born on 29 July 1961. A British national, he was appointed to the Aberdeen Board on 23 April 2012.

Richard is currently deputy chairman of alstria office REIT-AG, Senior Independent Director of St. Modwen Properties PLC and non-executive director of Great Portland Estates plc. He was formerly the co-founder and managing partner of Grove International Partners LLP, a major real estate private equity firm. Richard spent much of his 28 year career in financial services as an investment banker. Richard is chairman of the Aberdeen Group's remuneration committee.

### ***Jutta af Rosenborg***

Jutta was born on 9 November 1958. A Danish national, she was appointed to the Aberdeen Board on 18 January 2013.

Jutta is currently also chairman of Det Danske Klasselotteri A/S and non-executive director of JPMorgan European Investment Trust plc and non-executive director of NKT Holdings A/S. She was formerly the Executive Vice President, CFO of Alk-Abello A/S, a global pharmaceutical company. Jutta is chairman of the Aberdeen Group's audit committee.

## **1.6 Standard Life Directors' and the Standard Life Senior Manager's directorships and partnerships<sup>19</sup>**

The details of those companies and partnerships outside the Standard Life Group or its joint arrangements of which the Standard Life Directors and the Standard Life Senior Manager are, or have been at any time during the previous five years prior to the date of this Prospectus, members of the administrative, management or supervisory bodies or partners are as follows.

<b>Name</b>	<b>Current positions</b>	<b>Former positions</b>
Sir Gerry Grimstone	Director of Barclays Bank Plc Director of Barclays PLC Director of Barclays Capital Securities Limited	Director of Wilmington Capital Limited Chairman of TheCityUK
Kevin Parry	Director of Nationwide Building Society Director of Intermediate Capital Group plc Director of K A H Parry Limited Director of Daily Mail and General Trust plc Director of Royal National Children's Foundation	Director of Schroders plc Director of Schroder Investment Management Limited Director of Schroder & Co. Limited Director of Schroder Pension Management Limited

<sup>19</sup> The table only includes references to commercial, profit-making companies and partnerships. It does not include positions held in charitable, non-profit or voluntary initiatives, industry associations, professional bodies, educational institutions and interest groups.

<b>Name</b>	<b>Current positions</b>	<b>Former positions</b>
Keith Skeoch	Director of The Financial Reporting Council Limited	Director of The Investment Association
Luke Savage	Director of Lutine Yachts Limited	Director of Additional Securities Limited Director of Lloyd's Members Agency Services Limited Director of Centrewrite Limited Director of Lioncover Insurance Company Limited
Colin Clark	Member of Barchester Partners LLP Director of Barchester Films Limited Director of 910 Via Piana Limited	Director of Scottish Mutual Investment Managers Limited
Finbar Anthony O'Dwyer	n/a	Director of Scottish Amicable PEP and ISA Nominees Limited Director of Prudential Group Pensions Limited Director of Prudential Property Services Limited Director of Prudential Lalondes Limited Director of Prudential Annuities Limited Director of Prudential Holborn Life Limited Director of Prudential UK Services Limited Director of Prudential Retirement Income Limited Director of Prudential Distribution Limited Director of the Prudential Assurance Company Limited Director of Prudential Property Services (Bristol) Limited Director of Prudential Financial Planning Limited Director of Prudential Corporate Pensions Trustee Limited Director of Prudential (AN) Limited
Pierre Danon	Director of Cordial Investments and Consulting Limited Director of TDC Director of AgroGeneration Director of Volia Director of CIEL Investment Limited	Director of High Towers
John Devine	Director of Euroclear plc Director of Blue Pebble Solutions Limited Director of Citco Custody Limited Director of Mansfield Holdings	Director of Alquity Investment Management Limited Director of Alquity UK Limited
Melanie Gee	Director of The Weir Group PLC Director of Ridgeway Partners Holdings Ltd	Director of Drax Group plc Director of Ridgeway Partners Limited Director of 40 Cadogan Square (Management) Limited Director of Kingsley Court Management (Wadhurst) Limited
Noel Harwerth	Director of CHAPS Clearing Company Limited Director of Sirius Minerals Plc Director of British Horseracing Authority Limited Director of The London Metal Exchange	Director of London First Director of Harwerth Consulting Limited Director of Sumitomo Mitsui Banking Corporation Europe Limited Director of Alent Limited Director of International Tax And Investment Center Director of Avocet Mining Plc Director of RSA Insurance Group PLC Director of LME Holdings Limited Director of Logica Limited Director of GE Capital UK Limited
Lynne Peacock	Director of Nationwide Building Society Director of Scottish Water Business Stream Holdings Limited Director of Scottish Water Horizons Holdings Limited Director of Hawkins Residents Limited	n/a

<b>Name</b>	<b>Current positions</b>	<b>Former positions</b>
Martin Pike	Director of Greencore Construction Ltd Director of Faraday Underwriting Limited Director of esure Group plc Director of Oxford Advanced Living Limited	Director of Faraday Reinsurance Co. Limited
Rod Paris	Director of ICE Benchmark Administration Limited	n/a

## **1.7 Proposed Director's directorships and partnerships<sup>20</sup>**

The details of those companies and partnerships outside the Aberdeen Group or its joint arrangements of which the Proposed Directors are, or have been at any time during the previous five years prior to the date of this Prospectus, members of the administrative, management or supervisory bodies or partners are as follows.

<b>Name</b>	<b>Current positions</b>	<b>Former positions</b>
Martin Gilbert	Director of Sky plc <sup>21</sup> Director of Glencore plc Director of Aberdeen Asia-Pacific Income Fund, Inc; Director of Aberdeen Global Income Fund, Inc; Director of India Fund, Inc; Director of Asia Tigers Fund, Inc; Director of Aberdeen Asia-Pacific Income Investment Company Limited; Director of Aberdeen Asian Smaller Companies Investment Trust PLC; Director of Aberdeen Latin American Income Fund Limited Director of The Enhanced Zero Trust plc Member of Maven Capital (Telfer House) LLP Member of The Haddeo Land LLP Member of Cobalt Data Centre 2 LLP Member of The Invicta Film Partnership No.14 LLP	Director of Firstgroup plc Director of 51 North Operations Limited Director of St.Julegar Limited Director of WM Library Holdings Limited Director of Maryculter House Hotel Limited Director of Templar Hotels Limited Director of Entier Limited Director of Balgranach Properties Limited Director of Talltray Limited Director of Primary Health Properties PLC Director of Select International Funds plc Director of Bogey One Limited
Simon Troughton	Director of Redburn (Europe) Limited Director of Tulliemet Developments Limited Director of Tulliemet Limited Member of Nomina No 512 LLP	Director of Earlybird Group Limited Director of Blair Atholl Industrial Space Limited Director of Ristol Limited Director of Fauchier Partners Limited Director of Fauchier Partners Management Company Limited
Bill Rattray	Director of Curtis Banks Group plc Director of Dunavon House Hotel Limited Member of Maven Capital (Telfer House) LLP Member of Maven Capital (Llandudno LLP)	n/a
Akira Suzuki	Director of AMP Capital Holdings Limited	Director of Mitsubishi UFJ Baillie Gifford Asset Management Limited
Gerhard Fusenig	Director of Credit Suisse Insurance Linked Strategies Ltd	n/a

<sup>20</sup> The table only includes references to commercial, profit-making companies and partnerships. It does not include positions held in charitable, non-profit or voluntary initiatives, industry associations, professional bodies, educational institutions and interest groups.

<sup>21</sup> Martin Gilbert intends to step down from this role at a suitable time.

<b>Name</b>	<b>Current positions</b>	<b>Former positions</b>
Julie Chakraverty	Director of Rungway Limited	Director of Spirit Pub Company plc Director of MS Amlin Plc Director of 77 Canfield Gardens Management Company Limited Director of Roydon Brook Limited
Jutta af Rosenborg	Director of Det Danske Klasselotteri A/S Director of JPMorgan European Investment Trust plc Director of The PGA European Tour Director of NKT Holdings A/S	Director of Auriga Industries A/S Director of Zealand Pharma A/S Director of Carnegie Worldwide
Richard Mully	Director of Great Portland Estates plc Director of alstria Office REIT-AG Director of St. Modwen Properties PLC Director of Starr Street Limited Advisory Board Member of Actis LLP Advisory Board Member of Hodes Weill & Associates	Director of Hansteen Holdings PLC Director of ISG Central Services Limited Director of Praxis Capital Limited

## **1.8 Confirmations**

There are no family relationships between any of the Standard Life Directors, between any of the Proposed Directors or between any of the Standard Life Directors, the Proposed Directors and the Senior Manager.

None of the Standard Life Directors, Proposed Directors or the Standard Life Senior Management in the five years prior to the date of this Prospectus:

- have had any convictions in relation to fraudulent offences;
- in their capacity as members of administrative, management and supervisory bodies or senior managers, have been associated with any bankruptcies, receiverships or liquidations;
- have been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including, where relevant, designated professional bodies); or
- have been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of, or from acting in the management or conduct of the affairs of, an issuer (as defined in the Prospectus Rules).

## 2. INTERESTS OF THE STANDARD LIFE DIRECTORS, PROPOSED DIRECTORS AND SENIOR MANAGER IN STANDARD LIFE SHARES

The total interests of the Standard Life Directors, the Proposed Directors and the Standard Life Senior Manager in Standard Life Shares as at the Latest Practicable Date are set out in the following tables.

### 2.1 Total interests in Standard Life Shares

The total interests of the Standard Life Directors, the Proposed Directors and the Standard Life Senior Manager in Standard Life Shares as at the Latest Practicable Date and immediately following Admission are set out in the following table.

#### TOTAL INTERESTS OF STANDARD LIFE DIRECTORS, PROPOSED DIRECTORS AND THE STANDARD LIFE SENIOR MANAGER IN STANDARD LIFE SHARES (AS AT THE LATEST PRACTICABLE DATE AND IMMEDIATELY FOLLOWING ADMISSION)

Director	Number of Standard Life Shares as at the Latest Practicable Date	% of issued share capital	Number of Standard Life Shares as expected immediately following Admission	% of issued share capital
Sir Gerry Grimstone	206,626	0.010	206,626	0.007
Kevin Parry	50,000	0.003	50,000	0.002
Keith Skeoch	2,346,715	0.119	2,346,715	0.078
Luke Savage	1,048	0.000	1,048	0.000
Colin Clark	1,003,705	0.051	1,003,705	0.033
Barry O'Dwyer	66,913	0.003	66,913	0.002
Pierre Danon	49,656	0.003	49,656	0.002
John Devine	1,321	0.000	1,321	0.000
Melanie Gee	20,000	0.001	20,000	0.001
Noel Harwerth	10,074	0.001	10,074	0.000
Lynne Peacock	12,554	0.001	12,554	0.000
Martin Pike	32,727	0.002	32,727	0.001
Rod Paris	581,878	0.029	581,878	0.019
Martin Gilbert	-	-	132,475	0.004
Simon Troughton	-	-	52,990	0.002
Bill Rattray	3,367	0.000	1,120,515	0.037
Akira Suzuki	-	-	-	-
Julie Chakraverty	-	-	2,303	0.000
Gerhard Fusenig	-	-	26,495	0.001
Richard Mully	-	-	52,990	0.002
Jutta af Rosenborg	-	-	-	-

## 2.2 Awards granted to Standard Life Directors and the Standard Life Senior Manager

As at the Latest Practicable Date, the Standard Life Directors and the Standard Life Senior Manager had the outstanding awards over Standard Life Shares set out in the following table:

### AWARDS GRANTED TO THE STANDARD LIFE DIRECTORS AND THE STANDARD LIFE SENIOR MANAGER (AS AT THE LATEST PRACTICABLE DATE)

Director / Senior Manager	Standard Life Share Plan	Date of original award	Expected first date of exercise	Number of Standard Life Shares over which awards are outstanding as at the Latest Practicable Date (including accrued dividend equivalents)
Keith Skeoch	Executive LTIP	20/05/2014	20/05/2019	82,067
Keith Skeoch	Executive LTIP	27/03/2015	27/3/2020	227,913
Keith Skeoch	Executive LTIP	24/03/2016	24/03/2021	810,811
Keith Skeoch	Executive LTIP	27/03/2017	27/03/2022	778,902
Luke Savage	Executive LTIP	10/09/2014	10/09/2019	63,640
Luke Savage	Executive LTIP	27/03/2015	27/03/2020	170,934
Luke Savage	Executive LTIP	24/03/2016	24/03/2021	222,418
Luke Savage	Executive LTIP	27/03/2017	27/03/2022	213,850
Colin Clark	Executive LTIP	24/03/2016	24/03/2021	520,785
Colin Clark	Executive LTIP	27/03/2017	27/03/2022	500,723
Keith Skeoch	SLI LTIP	30/03/2015	30/03/2018	236,843
Colin Clark	SLI LTIP	30/03/2015	30/03/2018	473,688
Luke Savage	STIP	27/03/2015	27/03/2017	32,948
Keith Skeoch	STIP	31/03/2017	31/03/2020	116,116
Keith Skeoch	STIP	24/03/2016	24/03/2018	15,076
Luke Savage	STIP	24/03/2016	24/03/2018	86,545
Luke Savage	STIP	31/03/2017	31/03/2020	82,183
Colin Clark	RSP	16/04/2015	30/03/2018	118,419
Colin Clark	STIP	24/03/2016	24/03/2018	18,831
Colin Clark	STIP	31/03/2017	31/03/2020	98,992
Barry O'Dwyer	RSP	07/12/2015	30/03/2018	53,273
Barry O'Dwyer	STIP	31/03/2017	31/03/2020	16,742
Barry O'Dwyer	Executive LTIP	20/5/2014	20/05/2017	36,799

Director / Senior Manager	Standard Life Share Plan	Date of original award	Expected first date of exercise	Number of Standard Life Shares over which awards are outstanding as at the Latest Practicable Date (including accrued dividend equivalents)
Barry O'Dwyer	Executive LTIP	27/03/2015	27/03/2018	86,605
Barry O'Dwyer	Executive LTIP	24/03/2016	24/03/2019	109,363
Barry O'Dwyer	Executive LTIP	27/03/2017	27/03/2022	175,523
Luke Savage	UK Sharesave	12/09/2014	01/11/2017	5,116
Keith Skeoch	UK Sharesave	16/09/2016	01/11/2021	5,292
Barry O'Dwyer	UK Sharesave	04/10/2013	01/11/2018	5,522
Rod Paris	SLI LTIP	30/03/2015	30/03/2018	355,265
Rod Paris	SLI LTIP	24/03/2016	24/03/2019	488,702
Rod Paris	SLI LTIP	27/03/2017	27/03/2020	518,853
Rod Paris	RSP	16/04/2015	30/03/2018	118,418

Save as disclosed in this paragraph, as at the Latest Practicable Date, neither the Standard Life Directors nor their immediate families or (so far as is known to the Standard Life Directors or could with reasonable diligence be ascertained by them) persons connected (within the meaning of section 252 of the CA 2006) with the Standard Life Directors have any interests (beneficial or non-beneficial) in the share capital of any member of the Standard Life Group.

### 3. EXECUTIVE MANAGEMENT OF THE COMBINED GROUP

As previously announced, as Co-CEOs, Keith Skeoch and Martin Gilbert will share responsibility for core aspects of the role such as the Executive Committee, developing and promoting the combined business' strategy and objectives, and monitoring operational performance and strategic direction.

The principles supporting the allocation of responsibilities between them will be as follows:

Keith Skeoch will have individual accountability for the day to day running of the fabric of the combined business including responsibility for Investments, Pensions and Savings, the India and China Insurance Joint Ventures, Operations, Finance, HR, Risk and Regulatory Culture, as well as the Legal and Secretariat functions.

Martin Gilbert will have individual accountability for external matters including responsibility for International Activities, Distribution including client engagement and business development, Marketing and Corporate Development.

They will have joint accountability for Communications and the post-merger Integration Programme.

## ***Executive Committee***

It is intended that the Executive Committee of the Combined Group will be as follows:

- Co-Chief Executives Keith Skeoch and Martin Gilbert
- Chief Financial Officer Bill Rattray
- Chief Investment Officer Rod Paris
- Chief People Officer Kerry Christie
- CEO, Pensions and Savings Barry O'Dwyer
- Joint Head of Integration Andrew Laing
- Chief Operations Officer and Joint Head of Integration Colin Walklin

All of the above other than Andrew Laing will have both Asset Management and Pensions and Savings oversight responsibilities. The Chief Risk Officer (Raj Singh), the General Counsel (Rushad Abadan), the Company Secretary (Kenneth Gilmour) and the Chief Communications Officer (Graeme McEwan) will be standing attendees. The Chief Marketing Officer (Nuala Walsh) and the Heads of Corporate Development (James Aird and Gordon Neilly) will be regular attendees as necessary. Sandy Begbie will take responsibility for the People issues around integration and will work together with Andrew Laing and Colin Walklin on this.

## ***Asset Management Committee***

It is intended that the Asset Management Committee of the Combined Group will be as follows:

- Co-Chief Executives Keith Skeoch and Martin Gilbert
- Chief Investment Officer Rod Paris
- Chief People Officer Kerry Christie
- Chief Financial Officer Sean Fitzgerald
- Head of Americas Bev Hendry
- Head of Distribution Investments Campbell Fleming
- Head of Technology Jonathan Kennedy
- Head of EMEA Gary Marshall
- Head of Product Development Robert McKillop
- Head of Execution Mandy Pike
- Head of Operations Mike Tumilty
- Chief Marketing Officer Nuala Walsh
- Head of Asia Hugh Young

The Asset Management Chief Risk Officer (Gareth Murphy), the General Counsel, Asset Management (Gordon Brough), and the Company Secretary (Scott Massie), as well as the Head of Communications (James Thorneley), would also attend.

## ***Pensions and Savings Committee***

It is intended that the Pensions and Savings Committee of the Combined Group will be as follows:

• Chief Executive, Pensions and Savings	Barry O'Dwyer
• Distribution Director	Noel Butwell
• Chief Information Officer	Mark Dixon
• Customer Operations Director	John McGuigan
• People Director	Dawne Mahmoud
• CEO 1825	Steve Murray
• CFO	Stephen Percival <sup>21</sup>
• Customer Operations Change Director	Ali Prentice
• COO 1825	Julie Scott
• Marketing and Proposition Director	Eddy Reynolds
• Retail Director	Michael Reed-Smith

Representatives of the Pensions and Savings Risk, Legal, Secretariat and Communications functions would also attend.

## **4. REMUNERATION AND PENSIONS**

### **4.1 Remuneration policy**

The remuneration policy of Standard Life which is currently in force and set out on pages 75 to 86 of the Standard Life 2014 Annual Report, is incorporated by reference into this Prospectus as set out in paragraph 19 of Part XVI (*Additional information*) and available for inspection as set out in paragraph 18 of Part XVI (*Additional information*). The Standard Life Directors have been compensated in accordance with this remuneration policy since 12 May 2015.

A resolution to amend the policy will be proposed for approval by the Standard Life Shareholders at the Standard Life General Meeting. The Circular sets out the proposed revised remuneration policy in the Appendix. The changes are intended as transitional arrangements to apply for the period from the Effective Date to the end of Standard Life's 2017 financial year.

### **4.2 Total remuneration for Executive Directors**

#### **SINGLE TOTAL FIGURE FOR EXECUTIVE DIRECTORS' REMUNERATION (£THOUSAND)**

	Keith Skeoch	Luke Savage	Colin Clark	Barry O'Dwyer
	2016	2016	2016	2016
Salaries	700	612	600	438
Taxable benefits	-	16	-	15
Annual bonus	988	729	843	340
Long term incentives with performance period ending in 2016	883	223	386	348
Pension Allowance	175	153	150	87
<b>TOTAL REMUNERATION INCLUDING PENSION</b>	<b>2,746</b>	<b>1,733</b>	<b>1,979</b>	<b>1,228</b>

<sup>21</sup> Subject to regulatory approval.

## PENSION

Further information about the remuneration of the Standard Life Directors (other than Barry O'Dwyer who was appointed on 1 March 2017) is set out at pages 80-102 of the Standard Life 2016 Annual Report, which is incorporated by reference into this Prospectus as set out in paragraph 19 of Part XVI (*Additional information*) and available for inspection as set out in paragraph 18 of Part XVI (*Additional information*).

### 4.3 Total remuneration for the Non-Executive Directors

#### SINGLE TOTAL FIGURE OF REMUNERATION FOR NON-EXECUTIVE DIRECTORS

(£ THOUSAND)

	Fees	Taxable benefits	Total
	2016	2016	2016
Sir Gerry Grimstone	380	17	397
Pierre Danon	78	36	114
John Devine	41	-	41
Melanie Gee	93	4	97
Noel Harwerth	73	5	78
Kevin Parry	116	7	123
Lynne Peacock	143	5	148
Martin Pike	104	6	110

### 4.4 Total remuneration for the Standard Life Directors and the Standard Life Senior Manager

The aggregate remuneration paid (including salary, other benefits and share-based payments) to the Standard Life Directors and the Standard Life Senior Manager by the Standard Life Group for services in all capacities to it in respect of the year ended 31 December 2016 was £10.651 million. The aggregate amount of cash allowances paid to the Standard Life Directors and the Standard Life Senior Manager by the Standard Life Group in lieu of pension contributions for the year ended 31 December 2016 amounted to £0.64 million.

## 5. SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

### 5.1 Details of Executive Directors' service contracts

The Executive Directors contracts of employment are not for a fixed term, but in line with the UK Corporate Governance Code, the Executive Directors will stand for election every year and will therefore retire and stand for re-election<sup>22</sup> at the Standard Life AGM on 16 May 2017.

The Executive Directors' contracts of employment can be terminated by either the Executive Director giving the employer six months' notice, or by the employer giving the Executive Director 12 months' notice.

<sup>22</sup> Barry O'Dwyer, having been appointed since the last AGM, will stand for election (rather than re-election) at the Standard Life 2017 AGM.

The employer can, in its absolute discretion, elect to terminate an Executive Director's employment by making a payment in lieu of the notice period of an amount equivalent to the Executive Director's basic salary and a cash equivalent payment of any benefits payable under his contract of employment for the notice period excluding any variable remuneration elements. The employer may make the payment in monthly instalments over what would have been the notice period. In those circumstances, Executive Directors have a duty to use reasonable endeavours to secure other income during the notice period and payment in lieu will be reduced to take account of any income from alternative employment secured.

## **5.2 Non-Executive Directors' letters of appointment and fees**

The Non-Executive Directors, including the Chairman, have letters of appointment that set out their duties and responsibilities.

The Chairman's appointment can be terminated by the Company or the Chairman giving the other 6 months' notice. The Non-executive Directors are appointed for an initial three-year term which can be extended by mutual consent and is subject to annual re-election by the Standard Life Shareholders, in line with the Articles of Association and the UK Corporate Governance Code.

The Chairman receives an annual fee of £380,000. Other Non-Executive Directors receive a base fee of £73,500 and there is an additional fee for a board committee chairmanship of £30,000. The Senior Independent Director receives an additional fee of £18,000. The chairman of Standard Life Assurance Limited also receives an additional fee of £75,000. Following a review of Non-Executive Directors fees' by the Board in 2016, no changes were proposed for 2017.

There is no provision for compensation payments for loss of office for Non-Executive Directors.

## **5.3 Details of Martin Gilbert and Bill Rattray's service agreements**

Martin Gilbert and Bill Rattray's service agreements are terminable by the employer on 12 months' written notice to the executive and by the executive on 6 months' written notice to the employer. As an alternative to giving notice, the employer may, in its discretion, terminate the employment of the executive immediately by making a payment in lieu of notice. Payment in lieu of notice comprises the executive's salary and any benefits otherwise payable during their notice period.

In addition, their service agreements explicitly provide that they are entitled to a pro-rata bonus award in the year in which their employment terminates, unless their employment is terminated summarily. The executives do not have a duty to use reasonable endeavours to secure other income during the notice period.

Martin Gilbert and Bill Rattray's service agreements will continue on the same terms following completion of the Merger.

## **6. CONFLICTS OF INTEREST**

Except as set out below, neither the Standard Life Directors, the Proposed Directors nor the Standard Life Senior Manager has any actual or potential conflicts of interest between any duties owed by the Standard Life Directors, the Proposed Directors and the Standard Life Senior Manager respectively to Standard Life and any private interests or other duties he or she may also have.

Except as set out below, none of the Standard Life Directors, the Proposed Directors or the Standard Life Senior Manager were selected to be a member of the administrative, management or supervisory bodies or member of senior management of Standard Life pursuant to any arrangement or understanding with any major shareholder, customer, supplier or other person.

Akira Suzuki, a managing executive officer of MUTB, is a non-executive director of Aberdeen. He joined Aberdeen through the business and capital alliance between Aberdeen and MUTB. MUTB will continue to hold shares in the Combined Group after completion of the Merger. Akira Suzuki has recused himself from the Board of Aberdeen in respect of all matters relating to the Merger.

There is a shareholding requirement for Standard Life Directors which is set out on page 93 of the Standard Life 2016 Annual Report, which is incorporated by reference into this Prospectus as set out in paragraph 19 of Part XVI (*Additional information*) and available for inspection as set out in paragraph 18 of Part XVI (*Additional information*). In addition, Standard Life Directors and the Standard Life Senior Manager are required to comply with Standard Life's dealing guidance and deal only in certain specified open periods.

## **7. CORPORATE GOVERNANCE**

The Standard Life Board is committed to high standards of corporate governance. Throughout the year ended 31 December 2016, Standard Life applied the main principles and complied with the relevant provisions set out in the 2014 version of the UK Corporate Governance Code. In April 2016, the Financial Reporting Council issued an updated version of the UK Corporate Governance Code which applies to accounting periods beginning on or after 17 June 2016 and, as at the date of this Prospectus, Standard Life is in compliance with its provisions.

## **8. KEY COMMITTEES**

The Standard Life Board has established the following committees to oversee, consider and make recommendations to the Standard Life Board on important issues of policy and governance: the Audit Committee, the Risk and Capital Committee, the Remuneration Committee, the Nomination and Governance Committee and the Investment Committee. Each of these committees operates within specific terms of reference approved by the Standard Life Board and kept under review by the Nomination and Governance Committee. Summaries of these terms of reference are set out below.

### **8.1 The Audit Committee**

#### ***Composition***

Members of the Audit Committee are appointed by the Standard Life Board, on the recommendation of the Nomination and Governance Committee in consultation with the Chairman of the Standard Life Board. The Audit Committee is made up of at least three members.

All members of the Audit Committee are Non-Executive Directors who are determined by the Standard Life Board to be independent and who collectively are considered by the Standard Life Board to have recent and relevant financial experience and competence in audit. The Chairman of the Risk and Capital Committee must be a member of the Audit Committee. The Chairman of the Standard Life Board must not be a member of the Audit Committee.

Appointments to the Audit Committee are for a period of up to three years, which may be extended for two additional three-year periods, provided the Non-Executive Director remains independent, as determined by the Standard Life Board, throughout the period of appointment.

The Standard Life Board appoints the chairman of the Audit Committee.

The current members of the Audit Committee are Kevin Parry (Chair), Noel Harwerth, Lynne Peacock and Martin Pike. Following the Merger, it is intended that the Audit Committee will comprise John Devine (Chair), Julie Chakraverty, Melanie Gee, Martin Pike and Jutta af Rosenberg.

## ***Responsibilities***

The Audit Committee carries out the following duties for Standard Life, principal subsidiary companies which do not have an audit committee, and the Standard Life Group as a whole, as appropriate.

### *Financial reporting*

The Audit Committee reviews and recommends to the Standard Life Board for approval:

- the draft financial statements, including significant financial reporting issues and judgments which they contain, of Standard Life and the Standard Life Group. These financial statements include annual and half-yearly reports and any other formal announcements relating to financial performance;
- Strategic Report and financial highlights; and
- any financial information contained in other documents which require Standard Life Board approval.

In carrying out these duties, the Audit Committee reviews and challenges where necessary and reports to the Standard Life Board on the results of its review of:

- the consistency of, and any changes to, accounting policies both on a year-on-year basis and across the Standard Life Group;
- the methods used to account for significant or unusual transactions where different approaches are possible;
- whether the Standard Life Group has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditors;
- the clarity of disclosure in the Standard Life Group's financial reports and the context in which statements are made;
- all material information presented with the financial statements, such as the business review and the corporate governance statement (insofar as it relates to audit and risk management);
- whether the information presented is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's performance, business model and strategy; and
- the risks to the quality and effectiveness of the financial reporting process.

### *Regulatory reporting*

The Audit Committee:

- reviews and recommends to the Standard Life Board for approval: the Solvency II capital position and related messaging, as disclosed in the Annual Report & Accounts and the Half Yearly Report; the Year-End Quantitative Reporting Templates, Annual Solvency and Financial Condition Report and the Regular Supervisory Report;

- for each relevant company in the Standard Life Group which does not have an audit committee, reviews the key assumptions, valuation methodology and validation process and reports used for Interim and Annual Regulatory Returns, and raises with or makes recommendations to the Group Board concerning any significant matters arising from such review. The Audit Committee does not recommend the Standard Life Group's Partial Internal Model methodology or the assumptions supporting the Model to the Standard Life Board as this is done by the Risk and Capital Committee, but it does review the application of the Model in terms of calculating the Own Funds, the SCR and the Surplus; and
- for each relevant company in the Standard Life Group which has an audit committee, receives assurance from each audit committee that it has carried out an equivalent review, and no issues have arisen to be escalated to the Audit Committee.

*Internal controls over financial reporting, money laundering and financial crime, prevention of bribery and fraud*

The Audit Committee:

- keeps under review the adequacy and effectiveness of the Standard Life Group's internal controls, with particular focus on financial reporting and on the Standard Life Group's implementation of and compliance with them, by receiving regular reports from the Chief Internal Auditor giving an assessment of the Standard Life Group's internal controls over the financial reporting environment, and receiving regular internal financial reporting control summary reports from the external auditors; and
- reviews and recommends to the Standard Life Board for approval the statements to be included in the Annual Report & Accounts concerning the annual review of internal controls.

*Money laundering and financial crime, prevention of bribery and fraud*

The Audit Committee:

- receives and reviews regular reports from the Chief Risk Officer on compliance with the relevant standards of the Anti-Financial Crime Policy;
- receives and reviews regular reports on the Standard Life Group's arrangements for the management of fraud risk; and
- receives and reviews regular reports on the Standard Life Group's systems and controls for the prevention of bribery.

*Whistleblowing*

The Audit Committee reviews the Standard Life Group's arrangements for its employees and contractors to raise concerns, in confidence, about possible impropriety in financial reporting or other matters. The Audit Committee ensures that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.

### *Internal audit*

#### The Audit Committee:

- monitors and reviews the effectiveness of the Standard Life Group's internal audit function;
- approves the appointment and termination of appointment of the Chief Internal Auditor and reviews the process and the results of the assessment of his/her performance and remuneration;
- considers and approves the remit of the Standard Life Group internal audit function and ensures it has: adequate resources; appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards; and adequate standing and freedom from management or other restrictions;
- reviews and assesses the annual internal audit plan;
- receives a report on the results of the work of the Standard Life Group's internal audit function on a periodic basis;
- reviews and monitors management's responsiveness to the findings and recommendations of the Standard Life Group's internal audit function;
- meets the Chief Internal Auditor at least once a year, without management being present, to discuss its remit, his/her remit, and any issues arising from the internal audits which have been carried out. In addition, the Chief Internal Auditor has direct access to the Chairman of the Standard Life Board and to the Audit Committee; and
- monitors and reviews the liaison and co-ordination of work between the internal and external auditors.

### *External audit*

#### The Audit Committee:

- considers and makes recommendations to the Standard Life Board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment and removal of Standard Life's external auditors. The Audit Committee is responsible for the timetable for the tendering of the external audit contract, the tender and selection process for new auditors and if Standard Life's auditors resign the Audit Committee is responsible for investigating the issues leading to this and decide whether any action is required;
- oversees the relationship with the external auditors including (but not limited to):
  - approval of the remuneration of the external auditors, whether fees for audit or non-audit services, and satisfying itself that the level of fees is appropriate to enable an adequate audit to be conducted;
  - approval of the terms of engagement of the external auditors, including any engagement letter issued at the start of each audit and the scope of the audit;
  - assessing annually the independence and objectivity of the external auditors taking into account relevant professional and regulatory requirements and the relationship with the external auditors as a whole, including the provision of, and level of fees for, any non-audit services;

- satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditors and the Group (other than in the ordinary course of business);
- agreeing with the Standard Life Board a policy on the employment of former employees of the external auditors, then monitoring the implementation of this policy;
- monitoring the external auditors' compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Standard Life Group compared to the overall fee income of the firm, office and partner and other related requirements;
- assessing annually the qualifications, expertise and resources of the external auditors and the effectiveness of the audit process, including a report from the external auditors on its own internal quality procedures;
- assessing annually the risk of the withdrawal of the auditors from the market, and report to the Standard Life Board on the results of these oversight processes;
- meeting regularly with the external auditors, including: once at the planning stage before the audit and once after the audit at the reporting stage; and once, without management being present, to discuss its remit, the external auditors' remit, and any issues arising from the audit;
- reviewing and approving the annual audit plan and ensuring that it is consistent with the scope of the audit engagement;
- reviewing the findings of the audit with the external auditors, including: a discussion of any major issues which arose during the audit; any accounting and audit judgements; and levels of errors identified during the audit;
- reviewing any representation letter(s) requested by the external auditors before they are signed by management;
- reviewing the external auditors management letter and management's response to the findings and recommendations contained in the external auditors' management letter;
- approving and reviewing the implementation of a policy on the supply of non-audit services by the external auditors, taking into account any relevant ethical guidance on the matter; and
- ensuring co-ordination where more than one firm of auditors is involved; and
- reviewing the effectiveness of the audit and reporting the results of this review to the Board.

### ***Activities***

The Audit Committee meets at least four times a year at appropriate times in the financial reporting and audit cycle and otherwise as required.

## **8.2 The Risk and Capital Committee**

### ***Composition***

Members of the Risk and Capital Committee are appointed by the Standard Life Board, on the recommendation of the Nomination and Governance Committee in consultation with the Chairman of the Standard Life Board. The Risk and Capital Committee is made up of at least three members.

All members of the Risk and Capital Committee must be Non-Executive Directors who are determined by the Standard Life Board to be independent. The chairman of the Audit Committee must be a member of the Risk and Capital Committee. The chairman of the Standard Life Board must not be a member of the Risk and Capital Committee.

Appointments of Non-Executive Directors to the Risk and Capital Committee is for a period of up to three years, which may be extended for two additional three-year periods, provided the relevant Non-Executive Director remains independent, as determined by the Standard Life Board, throughout the appointment.

The Standard Life Board appoints the chairman of the Risk and Capital Committee.

The current members of the Risk and Capital Committee are Martin Pike (Chair), John Devine, Melanie Gee, Noel Harwerth and Kevin Parry. Following the Merger, it is intended that the Risk and Capital Committee will comprise Martin Pike (Chair), Julie Chakraverty, John Devine, Gerhard Fusenig and Melanie Gee.

### ***Responsibilities***

The role of the Risk and Capital Committee is to provide oversight and challenge of and advice to the Standard Life Board and where appropriate, the board of each relevant group company on:

- the Standard Life Group's current risk strategy, material risk exposures and future risk strategy and their impact on levels and allocation of capital;
- the structure and implementation of the Standard Life Group's Enterprise Risk Management framework and its suitability to react to forward-looking issues and the changing nature of risks;
- changes to the risk appetite framework and quantitative risk limits; and
- the risk aspects of major investments, major product developments and other corporate transactions.

The Risk and Capital Committee carries out the duties below for Standard Life, each relevant group company, and the Standard Life Group as a whole, as appropriate.

### ***Risk exposures and risk strategy***

The Risk and Capital Committee keeps under review:

- the Standard Life Group's current overall strategic and commercial priorities in a risk management context;
- the external environment including external financial stability assessments and other authoritative sources relevant to the Standard Life Group's risk exposures and risk strategy and their impact on capital;
- the risks inherent in the Standard Life Group's proposed strategy, budget and longer term plans, their impact on capital and dividend paying capacity and their behaviour under stress;
- the Standard Life Group's risk appetite framework including quantitative risk limits and material risk exposures (including liquidity risk and investment risk) arising within the framework, ensuring the adequacy of actions proposed to remedy any breaches of quantitative risk limits and the consequent impact on capital;

- the due diligence risk assessments undertaken when the Company or any relevant group company is considering a material proposed strategic transaction (including acquisitions or disposals);
- the Standard Life Group's stress and scenario testing programme, including steering its design and challenging the results obtained from the testing in terms of impact on capital and the Standard Life Group's business plans;
- any material risk (including conduct risk) and capital implications of product pricing principles or major product developments within any relevant group company;
- significant changes to the investment strategy, policy or benchmarks of Standard Life or any relevant group company;
- specific risk adjustments to be considered by the Remuneration Committee when setting performance objectives and assessing performance, including potential malus and clawback in the context of incentive packages;
- the Group Partial Internal Model methodology including the key elements of design, the use of significant assumptions and expert judgements, key sensitivities, significant limitations and uncertainty in the model;
- the annual plans for Solvency II Internal Model validation activity;
- the Standard Life Group ORSA including steering how the assessment is to be performed and challenging the results; and
- any other relevant matter referred to it by the Standard Life Board or by the board of directors of any Group Company from time to time; and shall raise with or make recommendations to the Standard Life Board or any committee of the Standard Life Board on any significant matters arising from such review.

#### *Enterprise Risk Management Framework*

##### The Risk and Capital Committee reviews:

- the structure of the Standard Life Group's ERM Framework (**ERMF**) and its suitability to identify, assess and manage current and new risk types and react to forward-looking risk issues and the changing nature of risks;
- the initiatives to strengthen risk awareness culture across the Standard Life Group;
- the implementation of the ERMF, including but not limited to receiving regular reports from the Chief Risk Officer such as: a summary of compliance with risk policies and the results of control self-assessment and other risk control processes (including significant breaches of risk appetites and proposed resulting remedial actions); a categorised dashboard summary of key risks; a consolidated report on key conduct risk indicators and conduct risk outcomes; an assessment of the Chief Internal Auditor's view of the internal control environment as it relates to the management of risk and capital; the minutes of the Enterprise Risk Management Committee of the Standard Life Group; the Internal Control Report on Standard Life Investments prepared by the external auditors; and shall raise with or make recommendations to the Standard Life Board and/or the Audit Committee on any significant matters arising from such review.

## *Regulatory compliance and regulatory reporting*

The Risk and Capital Committee in respect of Standard Life and each relevant group company:

- reviews and assesses the annual regulatory compliance plan;
- receives regular reports from the Chief Risk Officer including a summary of the regulatory compliance activities for the period;
- where appropriate, requests the Chief Risk Officer to notify the PRA and FCA of any material internal control weaknesses or other issues;
- reviews the key assumptions and bases for the purposes of calculating the Group Solvency II Internal Model results and the Internal Capital Adequacy Assessment Process of any relevant group company;
- reviews any other major regulatory submissions involving capital (including stress test submissions), that relate to Standard Life, any relevant group company or the Standard Life Group, except for Group Solvency II related reporting reviewed by the Audit Committee and raises with or makes recommendations to the Standard Life Board (or, if appropriate, any committee of the Standard Life Board, or the relevant Standard Life Group company board) concerning any significant matters arising from such review.

### ***Activities***

The Risk and Capital Committee meets at least four times a year at appropriate times in the reporting cycle and otherwise as required by the Standard Life Board or the Risk and Capital Committee.

## **8.3 The Remuneration Committee**

### ***Composition***

Members of the Remuneration

Committee are appointed by the Standard Life Board, on the recommendation of the Nomination and Governance Committee in consultation with the Chairman of the Standard Life Board. The Remuneration Committee must be made up of at least three Non-Executive Directors, all of whom are determined by the Standard Life Board to be independent.

Appointments to the Remuneration Committee must be for a period of up to three years, which may be extended for two further three-year periods, provided that the Non-Executive Director remains independent, as determined by the Standard Life Board.

The Standard Life Board must appoint the chairman of the Remuneration Committee who must be a Non-Executive Director, determined by the Standard Life Board to be independent.

The Chairman of the Standard Life Board must not be the chairman of the Remuneration Committee.

The current members of the Remuneration Committee are Melanie Gee (Chair), John Devine and Martin Pike. Following the Merger, it is intended that the Remuneration Committee will comprise Richard Mully (Chair), John Devine, Gerhard Fusenig, Kevin Parry and Jutta af Rosenborg.

## **Responsibilities**

The Remuneration Committee:

- keeps under review, and makes recommendations to the Standard Life Board in respect of the over-arching Standard Life Group-wide remuneration principles and policy, and changes to them, as contained in the People Policy; when reviewing the principles and policy, the Remuneration Committee has regard to the Risk Appetite Framework of the Standard Life Group, including any related quantitative risk limits, and the Standard Life Group's long-term strategic goals, and structures remuneration to link rewards to individual performance and promote the long-term success of the Standard Life Group;
- approves the design of, and targets for, and any material changes to, any employee share plan (or equivalent cash-based scheme) operated by any Group Company, as well as determining the final level of vesting of all awards granted under such schemes; in so doing, the Remuneration Committee will undertake an annual review of performance versus the scorecard measures at the end of each performance period and must also be satisfied that the achievement against cumulative Group targets is an appropriate reflection of the underlying performance of the Group. In addition, the Remuneration Committee will exercise its judgement to adjust the vesting awards downwards (to zero, if necessary) if it deems that the Group's results have been achieved in a manner not consistent with the delivery of Standard Life's business and shareholder strategy, risk appetite or that jeopardises Standard Life's brand. The Remuneration Committee can reduce awards that have not yet vested and can require the repayment of an award under the malus and clawback provisions;
- approves the funding level, bonus pool size, design of, and targets for, and any material changes to all annual cash bonus plans in which the Standard Life Group's Senior Leadership Group and Code Staff/Material Risk Taker population (as determined by regulation) participate, as well as determining (with appropriate input from the Risk and Capital Committee and Audit Committee) the level of payments to be made;
- reviews any major changes in employee incentive structures, including sales incentive plans, below the Senior Leadership Group level and agree the guidelines to which all incentive plans should operate;
- oversee remuneration trends and any major changes in employee benefits structures (including pensions) throughout the Standard Life Group and recommends any changes to the Standard Life Board;
- determines and agrees the general terms and conditions of service contracts (including pension terms and employee share and cash bonus plans) for the Executive Directors, other members of the Strategic Executive Committee and any other high-end employees and be made aware of any material divergence from the remuneration principles and policy which could lead to a higher payment being made to any other Standard Life Group employee;
- approves all termination packages payable to Executive Directors and other members of the Strategic Executive Committee, and be made aware of any payment to any other Group employee which may be required to be made outwith normal policy;
- in consultation with the Chairman and/or the Chief Executive as appropriate except in such matters as affect their own personal positions, approves the total individual remuneration packages of the Chairman and the Executive Directors, other members of the Strategic Executive

Committee, the Company Secretary, the General Counsel, the Group Chief Risk Officer, the Group Chief Internal Auditor and the Secretary, and be made aware of the salaries and total remuneration of the other members of the Group's Executive Job Family; where Executive Directors or senior management are involved in advising or supporting the Remuneration Committee, care will be taken to recognise and avoid conflicts of interest;

- agree the policy for authorising claims for expenses from the Chairman, the Executive Directors and the Non-Executive Directors, and monitor the levels of such expenses;
- is exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Remuneration Committee; and
- determines the shareholding guidelines for the Chairman of the Board, the Executive Directors and other members of the Strategic Executive Committee and monitor compliance with them annually.

### ***Activities***

The Remuneration Committee meets at least two times a year and otherwise as required.

## **8.4 The Nomination and Governance Committee**

### ***Composition***

Members of the Nomination and Governance Committee are appointed by the Standard Life Board, and must comprise the Chairman of the Standard Life Board and at least three Non-Executive Directors, who are determined by the Standard Life Board to be independent.

Appointments to the Nomination and Governance Committee are for a period of up to three years, which may be extended for two further three-year periods, provided that the majority of the Nomination and Governance Committee members remain independent, as determined by the Standard Life Board.

The Standard Life Board must appoint the chairman of the Nomination and Governance Committee who may be the Chairman of the Standard Life Board or a Non-Executive Director determined by the Standard Life Board to be independent.

The current members of the Nomination and Governance Committee are Sir Gerry Grimstone (Chair), Pierre Danon, Noel Harwerth and Kevin Parry. Following the Merger, it is intended that Nomination and Governance Committee will comprise Sir Gerry Grimstone (Chair), Julie Chakraverty, Melanie Gee, Kevin Parry, Richard Mully, Lynne Peacock and Simon Troughton.

### ***Responsibilities***

#### ***Nomination***

The Nomination and Governance Committee:

- keeps under review the structure, size and composition of the Board having regard to the principles that: the majority of Board members should be Non-Executive Directors; and appointments should be made on merit, against objective criteria and with due regard for the benefits of diversity on the Standard Life Board, including gender; there should be an appropriate balance of skills, knowledge and experience on the Standard Life Board; the membership of the Standard Life Board should be refreshed progressively; and make recommendations to the Standard Life Board with regard to any changes;

- considers and makes recommendations to the Standard Life Board with regard to the short, medium and long-term contingency and succession planning for the Standard Life Board, in particular the Chairman, Senior Independent Director and Chief Executive, and approve the succession plans for Senior Executives of the Standard Life Group reporting to the Chief Executive;
- identifies, and recommends for the approval of the Standard Life Board, candidates to fill Standard Life Board vacancies as and when they arise: using open advertising or the services of external advisers to facilitate the search; by reference to a description of the role and capabilities and time commitment required for a particular appointment; having considered fully any potential conflicts of interest; and seeking to consider candidates from a wide range of backgrounds;
- keeps under review the Standard Life Board's statement on diversity, including gender, any measurable objectives that the Standard Life Board has set for implementing the statement, and progress on achieving the objectives;
- approves independent/external appointments to, and removals from, the board of directors of and board committees of Standard Life Assurance Limited, Standard Life Investments (Holdings) Limited, Standard Life Investments Limited, Standard Life Employee Services Limited, Standard Life Wealth Limited and Standard Life Savings Limited;
- approves the appointment and removal of Senior Executives of the Standard Life Group reporting to the Chief Executive;
- approves changes of (and changes to the status of) the employer-nominated trustees of all pension schemes, and notes changes of employee-nominated trustees;
- keeps under review the leadership needs of the Standard Life Group, both executive and non-executive;
- reviews annually the time required from Non-Executive Directors;
- ensures that on appointment to the Standard Life Board, Non-Executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside Standard Life Board meetings;
- approves and reviews the implementation of: processes for evaluating the effectiveness of the Standard Life Board, the Chairman, individual Directors and Board Committees; processes for identifying the training needs of Directors; and processes for selecting, inducting and training Directors;
- makes recommendations to the Standard Life Board with regard to the appointment and removal of the Chairman, the Deputy Chairman (if appointed), the Senior Independent Director, the Non-Executive Directors, the Executive Directors, and the Chief Executive of the Standard Life Board;
- makes recommendations to the Standard Life Board with regard to the appointment of Directors to Board Committees and with regard to the appointment of the chairmen of Board Committees;
- makes recommendations to the Standard Life Board with regard to the continued appointment of any Non-Executive Director at the conclusion of his or her specified term of office having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;

- makes recommendations to the Standard Life Board with regard to the election or re-election by members of any Standard Life Director;
- makes recommendations to the Standard Life Board with regard to any matters relating to the continuation in office of any Standard Life Director at any time;
- makes recommendations to the Standard Life Board with regard to the appointment of any Director to executive or other office other than to the positions of Chairman and Chief Executive; and
- approves outside appointments of the Chairman and makes recommendations to the Board with regard to the authorisation of any actual or potential conflict of interest of any Standard Life Director, and reviews regularly the authorised conflicts.

### *Governance*

The Nomination and Governance Committee:

- reviews and makes recommendations to the Standard Life Board with regard to material changes to the Board Charter of Standard Life and approves non-material changes to the Charter;
- approves changes to the Constitution of Standard Life and material changes to the board charters and to the constitutions of Standard Life Assurance Limited, Standard Life Investments (Holdings) Limited, Standard Life Investments Limited, Standard Life Employee Services Limited, Standard Life Wealth Limited and Standard Life Savings Limited;
- keeps under review the Corporate Governance of the Standard Life Group, having regard to: relevant regulatory requirements, including the governance map elements of the Senior Insurance Managers Regime; relevant legal requirements, including the Listing Rules and the Disclosure Guidance and Transparency Rules; and relevant generally accepted corporate governance standards, and makes recommendations to the Board regarding proposals for changes; and
- reviews the Standard Life Group's overall compliance with the UK Corporate Governance Code and the related corporate governance disclosures made by Standard Life Directors in Standard Life's Annual Report & Accounts.

### **Activities**

The Nomination and Governance Committee meets at least twice a year and otherwise as required.

## **8.5 The Investment Committee**

### **Composition**

Members of the Investment Committee are appointed by the Standard Life Board on the recommendation of the Nomination and Governance Committee in consultation with the Chairman of the Standard Life Board.

The Investment Committee is made up of at least three members.

All members of the Investment Committee are Non-Executive Directors, who are determined by the Standard Life Board to be independent.

Appointments to the Investment Committee are for a period of up to three years, which may be extended for two additional three-year periods, provided the relevant Non-Executive Director remains independent, as determined by the Standard Life Board, throughout the appointment.

The Standard Life Board appoints the chairman of the Investment Committee.

The current members of the Investment Committee are Pierre Danon (chair), John Devine and Melanie Gee.

The Investment Committee will be discontinued following completion of the Merger.

### ***Responsibilities***

The Investment Committee:

- provides oversight of Standard Life Investments' investment philosophy and its application and evolution;
- provides oversight of Standard Life Investments' investment platform and its evolution, to ensure this stays true and relevant to client needs and delivers what is promised to clients both now and in the future;
- provides oversight of investment performance against relevant benchmarks and the high-level asset allocation strategy of Standard Life Investments;
- provides oversight of the investment activities and stewardship role of the Group as an investor and a fund manager, including specific corporate governance and stewardship matters regarding investments managed by the Standard Life Group which may arise from time to time and may bring reputational risk to the Standard Life Group;
- keeps under review Standard Life Investments' investment philosophy and its application and evolution;
- keeps under review Standard Life Investments' investment platform and its evolution, to ensure this stays true and relevant to client needs and delivers what is promised to clients both now and in the future;
- keeps under review investment performance against relevant benchmarks and the high-level asset allocation strategy of Standard Life Investments;
- keeps under review the domestic and global economic and, where appropriate, political conditions and outlook; trends and major issues in relevant investment markets; the House View of Standard Life Investments; and consider their implications for investment performance;
- keeps under review the policies and guidelines concerning the role of Standard Life Investments as an active institutional shareholder in relation to stewardship and corporate governance;
- keeps under review specific corporate governance and stewardship matters regarding investments managed by the Standard Life Group which may arise from time to time and may bring reputational risk to the Standard Life Group.

## **Activities**

The Committee shall meet four times a year and otherwise as required.

### **9. STANDARD LIFE SHARE PLANS**

Standard Life operates the following employee share plans (together, the “**Standard Life Share Plans**”):

- (i) The Standard Life Short Term Incentive Plan (the “**STIP**”);
- (ii) The Standard Life Executive Long Term Incentive Plan (the “**Executive LTIP**”);
- (iii) The Standard Life Investments Long Term Incentive Plan (the “**SLI LTIP**”); and
- (iv) The Standard Life Restricted Stock Plan (the “**RSP**”);
- (v) The Standard Life (Employee) Share Plan (the “**SP**”);
- (vi) The Standard Life Sharesave Plan (the “**UK Sharesave**”);
- (vii) The Standard Life Ireland Sharesave Plan (the “**Irish Sharesave**”); and
- (viii) The Standard Life Integration Award Plan (the “**IAP**”).

From the Effective Date, a number of options and awards which had previously been granted under the Aberdeen Deferred Bonus Plan 2009 (or its predecessor) (the “**Aberdeen DSP**”) and the Aberdeen USA Deferred Share Award Plan (the “**Aberdeen USA DSP**”) will be automatically exchanged for equivalent options and awards over Standard Life Shares (“**Replacement Awards**”). These Replacement Awards will be governed by the rules of the Aberdeen DSP or the Aberdeen USA DSP (as applicable) under which the options or awards they are replacing were granted. Standard Life will operate the Aberdeen DSP and the Aberdeen USA DSP from the Effective Date. Standard Life also proposes to adopt a new share plan which will allow it following the Effective Date to grant awards over Standard Life Shares to employees who are currently employed in the Aberdeen Group. It is intended that this plan will be based on the Aberdeen share plans summarised in this section.

#### **9.1 The Standard Life Short Term Incentive Plan**

##### *Types of award*

The STIP governs the terms of cash bonuses awarded to senior employees (including executive directors) of the Standard Life Group. Under the STIP, a portion of any such bonuses may be deferred into share awards which are granted in the form of conditional awards or nil-cost options over Standard Life Shares. Bonuses are subject to satisfaction of performance conditions but deferred share awards are not subject to further performance conditions. The following paragraphs summarise the terms of deferred share awards granted under the STIP.

##### *When awards can be made*

Awards will usually only be made within 42 days after the announcement of Standard Life’s results for any period.

### *Eligibility*

All employees of the Standard Life Group (including executive directors) are eligible to participate.

### *Normal vesting of awards*

Awards will normally only vest and Standard Life Shares will normally only be released three years after grant.

### *Leaving employment*

If a participant ceases to be an employee or director (or gives or receives notice to this effect) before the normal vesting date, his award (whether or not vested) will normally lapse. However, it will not lapse but will vest in full if employment terminates because of a participant's death, ill-health, injury or disability, redundancy, retirement or his employing company or business being transferred out of the Standard Life Group. If the holder of a vested option leaves for one of these reasons, the option shall continue to be exercisable until the expiry of the normal exercise period. Awards granted under the 2016 STIP will vest on the date of cessation; awards granted under the 2017 STIP will vest on the normal vesting date.

### *Malus*

At any time before vesting, the Standard Life Remuneration Committee may in certain circumstances deem either that the relevant award is over a lower number of shares than previously determined or that it will lapse. Such circumstances include a material misstatement in the Standard Life Group's financial statements, fraud or other material financial irregularity, failure of risk management, and serious misconduct by a participant or team.

### *Dividend equivalents*

A participant is not entitled to receive dividends in respect of shares subject to an award until the shares are issued or transferred to him or her or to another person to hold for his or her benefit. However, awards may be granted on the basis that a participant will receive, to the extent that the award vests, a cash amount or a number of Standard Life Shares representing the value of dividends paid on the Standard Life Shares awarded from the date of the award until vesting.

### *Variations in share capital*

Awards may be adjusted following variation in the equity share capital of Standard Life or a demerger, special dividend or any similar transaction which affects the market price of Standard Life Shares to a material extent. In that situation the Standard Life Board may make such adjustments to the number of shares subject to an award as it considers appropriate.

### *Takeovers and reconstructions*

On a takeover of Standard Life, whether by way of offer or by way of Court-sanctioned compromise or arrangement, if the acquiring company obtains control, provided that at least 90% of the shares in the acquiring company are expected to be held by persons who were immediately prior to the change of control shareholders in Standard Life and the Standard Life Remuneration Committee agrees, awards will be automatically exchanged, in full, for equivalent new awards. If these conditions are not satisfied, awards will vest on the date on which the person obtains control or on the date of Court sanction.

In the event of the winding-up of Standard Life, awards will vest on the date of the relevant event.

#### *Amendments*

The Standard Life Remuneration Committee may alter the rules of the STIP as they apply to deferred share awards except that no material alteration may be made to the disadvantage of any participant unless a majority of the relevant participants have indicated that they approve the alteration.

#### *General*

Awards are not transferable.

## **9.2 The Standard Life Executive Long Term Incentive Plan**

#### *Types of award*

The Executive LTIP allows for conditional awards and nil-cost options over Standard Life Shares, and cash awards, to be granted to employees (including executive directors) of the Standard Life Group. Awards must be subject to satisfaction of a performance condition and other conditions may be set at grant.

#### *When awards can be made*

Awards will usually only be made within 42 days after the announcement of Standard Life's results for any period. No further awards may be made after 13 May 2024.

#### *Eligibility*

All employees of the Standard Life Group are eligible to participate.

#### *Performance targets and value of awards*

Executive LTIP awards must be subject to a performance condition which is normally measured over a period of at least three years. There is no retesting of performance conditions after the end of the measurement period.

The Standard Life Board may impose other conditions when granting an award. It may change a performance condition in accordance with its terms or if anything happens which causes the Standard Life Board to consider a substitute or amended performance condition would be more appropriate and would not be materially less difficult to satisfy.

#### *Normal vesting of awards and holding period*

Awards held by executive directors of Standard Life and other senior executives will normally only vest and Standard Life Shares will normally only be released following the end of a holding period of at least two years which begins on first day immediately following the third anniversary of the grant date.

Awards held by other participants will normally only vest and Standard Life Shares will normally only be released three years after grant.

### *Leaving employment*

If a participant ceases to be an employee or director (or gives or receives notice to this effect) before the normal vesting date, his award (whether or not vested) will normally lapse. However, it will not lapse but will continue (subject to the same performance condition and any other conditions set at grant) if employment terminates because of a participant's death, ill-health, injury or disability, redundancy or retirement with the agreement of his employer, his employing company or business being transferred out of the Standard Life Group, or in other circumstances if allowed by the Standard Life Board. However, in these circumstances the award will be reduced pro rata unless otherwise decided by the Standard Life Board and will vest on the normal vesting date unless the Standard Life Board decides that the award will vest early.

### *Clawback and malus*

At any time before the fifth anniversary of grant, the Standard Life Board may determine that an award will be adjusted in such circumstances as it considers this appropriate, which includes a material misstatement in the Standard Life Group's financial statements, any failure of risk management, fraud or other material financial irregularity, and serious misconduct by a participant. That adjustment may take place before or after vesting of an award to reduce the number of shares to which an award relates, to cancel an award, to impose further conditions on an award or to require repayment of an award by a participant.

### *Dividend equivalents*

A participant is not entitled to receive dividends in respect of shares subject to an award until the shares are issued or transferred to him or her or to another person to hold for his or her benefit. However, awards may be granted on the basis that a participant will receive, to the extent that the award vests, a cash amount or a number of Standard Life Shares representing the value of dividends paid on the Standard Life Shares awarded from the date of the award until vesting.

### *Variations in share capital*

Awards may be adjusted following variation in the equity share capital of Standard Life or a demerger, delisting, special dividend, rights issue or any similar transaction which the Standard Life Board considers may affect the current or future value of Standard Life Shares. In that situation the Standard Life Board may adjust the number of shares subject to an award in such manner as it determines or adjust the performance condition relating to an award to reflect the adjustment.

### *Takeovers and reconstructions*

On a takeover of Standard Life, whether by way of offer or by way of Court-sanctioned compromise or arrangement, if the acquiring company obtains control and the Standard Life Board agrees, awards will be automatically exchanged, in full, for equivalent new awards. If the acquiring company or the Standard Life Board do not agree to such an exchange, awards will vest on the date on which the person obtains control or on the date of Court sanction taking into account the extent to which any performance condition has been satisfied and, unless the Standard Life Board determines otherwise, the proportion of the performance period which has elapsed at the date of the relevant event.

In the event of the winding-up of Standard Life, the Standard Life Board will determine whether and to what extent unvested awards will vest taking into account the extent to which any performance condition has been satisfied and, unless the Standard Life Board determines otherwise, the proportion of the performance period which has elapsed at the date of the relevant event.

In case of demerger, delisting, special dividend or other transaction which, in the opinion of the Standard Life Board, may affect the current or future value of Standard Life Shares, the Standard Life Board may allow an award to vest on such terms as it determines but only to the extent that the performance condition has been satisfied and, unless the Standard Life Board determines otherwise, the proportion of the performance period which has elapsed at the date of the relevant event.

#### *Individual limit*

No award may be granted to any person which would, at the time it is granted, cause the market value of all the Standard Life Shares subject to awards granted to that person under the Executive LTIP in respect of a particular financial year to exceed 500% of his annual salary.

#### *Dilution limits*

In any 10-year period, not more than 10% of the issued ordinary share capital of Standard Life may be issued under the Executive LTIP when aggregated with that issued under all other share plans operated by Standard Life.

In addition, in any 10-year period, not more than 5% of the issued ordinary share capital of Standard Life may be issued under the Executive LTIP when aggregated with that issued under any share plans adopted by Standard Life which are not on an all-employee basis.

These limits do not include rights which have been released or have lapsed, existing Standard Life Shares other than treasury shares which are transferred or to which an award related and Standard Life Shares allocated in respect of awards which are then satisfied in cash.

Rights may also be satisfied using treasury shares. If treasury shares are used, they will count towards the dilution limits set out above.

#### *Amendments*

Provisions relating to eligibility, individual and dilution limits, the basis for determining a participant's entitlement to, and the terms of, Standard Life Shares or cash provided under the Executive LTIP, adjustment of awards in the event of a variation in share capital and the amendment power cannot be altered to the advantage of present or future participants without the prior approval of Standard Life Shareholders in general meeting. However, no such approval is required for other changes, such as to performance conditions pertaining to awards, or for minor amendments intended to benefit the administration of the Executive LTIP, or which is necessary or desirable to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for any member of the Standard Life Group or participants.

#### *General*

Awards are not transferable and benefits are not pensionable.

Any Standard Life Shares issued under the plan will rank *pari passu* with the Standard Life Shares in issue on the date of allotment, except in respect of rights arising by reference to a prior record date.

### **9.3 The Standard Life Investments Long Term Incentive Plan**

#### *Types of award*

The SLI LTIP allows for options over Standard Life Shares to be granted to employees (including executive directors) of the Standard Life Group. Options may be subject to satisfaction of performance conditions and other conditions set at grant.

#### *When awards can be made*

Awards will usually only be made within 42 days after the announcement of Standard Life's results for any period. No further awards may be made after 13 May 2020.

#### *Eligibility*

All employees of the Standard Life Group are eligible to participate.

#### *Performance targets and value of awards*

Options may be granted subject to performance conditions which are normally measured over a period of at least three years. There is no retesting of performance conditions after the end of the measurement period.

The Standard Life Remuneration Committee may impose other conditions when granting an option. It may, acting fairly and reasonably, change a performance condition if anything happens which causes the Standard Life Remuneration Committee to consider that the performance condition would not, without alteration, achieve its original purpose and that the amended performance condition would not be materially less difficult to satisfy.

#### *Normal vesting of options*

Options will normally only become exercisable three years after grant or at the end of the period over which the performance conditions are measured to the extent that the performance conditions and any other conditions are satisfied.

#### *Leaving employment*

If a participant ceases to be an employee or director before the normal vesting date, his option will normally lapse (unless the Standard Life Remuneration Committee considers otherwise). However, it will not lapse but will continue (subject to the same performance condition (if any) and any other conditions set at grant) if employment terminates because of a participant's ill-health, injury or disability, retirement with the agreement of the Standard Life Remuneration Committee or redundancy.

If a participant dies before the normal vesting date, his option will vest and become exercisable on that date (unless the Standard Life Remuneration Committee decides otherwise).

If (i) a participant is employed by Standard Life Investment (Holdings) Limited or any of its subsidiaries and his employer ceases to be a member of the Standard Life Group or (ii) a participant's employment relates to the business or part of a business of such companies and that business or part of a business is transferred outside the Standard Life Group, and as a result the participant ceases to be employed by a member of the Standard Life Group, his option will vest on the date of cessation.

If an award vests in any of the above circumstances, the number of Standard Life Shares which vest will be reduced pro rata unless otherwise decided by the Standard Life Board and they will vest on the normal vesting date unless the Standard Life Board decides that the option will vest and become exercisable early.

Alternatively, if Standard Life Investments (Holdings) Limited or any of its subsidiaries, or the business or part of a business of any such company, is sold to a person who is not a member of the Standard Life Group, then the Standard Life Remuneration Committee may, with the acquiring company's consent, agree that options will be automatically exchanged, in full, for equivalent new options.

#### *Clawback and malus*

At any time before vesting, the Standard Life Remuneration Committee may decide to reduce (including to zero) the number of shares subject to an option in such circumstances that it deems this appropriate.

At any time before the second anniversary of vesting, the Standard Life Board may decide that an award will be subject to clawback in such circumstances that it deems this appropriate. That clawback may be effected by reducing (including to zero) any future bonuses otherwise payable to the relevant individual and the extent of vesting of any subsisting awards (or the extent of exercise of any vested options or rights) under the SLI LTIP or any other share incentive plan (except any deferred bonus plan or HMRC-approved plan).

Such circumstances include, but are not limited to, (a) a material misstatement of the Standard Life Group's audited financial statements prior to vesting, (b) any failure of risk management, fraud or other material financial irregularity and (c) serious misconduct by a participant or otherwise. They will include circumstances which arose prior to, during or after the relevant performance period.

#### *Dividend equivalents*

A participant is not entitled to receive dividends in respect of shares subject to an option until the shares are issued or transferred to him or her or to another person to hold for his or her benefit. However, the Standard Life Remuneration Committee may decide on or before vesting of an option that a participant will receive, to the extent that the option becomes exercisable, a cash amount or a number of Standard Life Shares representing the value of dividends paid on the Standard Life Shares awarded from the date of grant until vesting.

#### *Variations in share capital*

Options may be adjusted following variation in the equity share capital of Standard Life or a demerger, special dividend or any similar transaction which affects the market price of Standard Life Shares to a material extent. In that situation the Standard Life Board may make such adjustments as it considers appropriate to the number of shares subject to an option, the option price and, where the option has been exercised but no Standard Life Shares have been allotted or transferred, the number of shares which may be so allotted or transferred and the price at which they may be acquired.

#### *Takeovers and reconstructions*

On a takeover of Standard Life, whether by way of offer or by way of compromise or arrangement under section 899 of the CA 2006, options will vest on the date on which the person obtains control or on the date of Court sanction taking into account the extent to which any performance condition has been satisfied and, unless the Standard Life Board determines otherwise, the proportion of the performance period which has elapsed at the date of the relevant event.

In the event of the winding-up of Standard Life, the Standard Life Board will determine whether and to what extent unvested options will vest taking into account the extent to which any performance condition has been satisfied and, unless the Standard Life Board determines otherwise, the proportion of the performance period which has elapsed at the date of the relevant event.

In the event of an internal reorganisation that does not involve a significant change of identity of the ultimate shareholders of Standard Life, the Standard Life Remuneration Committee may decide that Standard Life is not under the control of a bona fide third party and that an option will not vest.

#### *Individual limit*

No option may be granted to any person which would, at the time it is granted, cause the market value of all the Standard Life Shares subject to options granted to that person under the SLI LTIP during a particular financial year to exceed 500% of his annual salary unless the Standard Life Remuneration Committee decides that exceptional circumstances exist in which case an option may be granted with a market value in excess of 500% of annual salary.

#### *Dilution limits*

In any 10-year period, not more than 10% of the issued ordinary share capital of Standard Life may be issued under the SLI LTIP when aggregated with that issued under all other share plans operated by Standard Life.

In addition, in any 10-year period, not more than 5% of the issued ordinary share capital of Standard Life may be issued under the SLI LTIP when aggregated with that issued under any share plans adopted by Standard Life which are not on an all-employee basis.

These limits do not include rights which have been released or have lapsed, or existing Standard Life Shares other than treasury shares which are transferred to satisfy options, awards or other contractual rights.

Rights may also be satisfied using treasury shares. If treasury shares are used, they will count towards the dilution limits set out above.

#### *Amendments*

Provisions relating to eligibility, individual and dilution limits, the basis for determining a participant's entitlement to, and the terms of, Standard Life Shares or cash provided under the SLI LTIP, adjustment of options in the event of a variation in share capital and the amendment power cannot be altered to the advantage of present or future participants without the prior approval of Standard Life Shareholders in general meeting. However, no such approval is required for other changes or for minor amendments intended to benefit the administration of the SLI LTIP, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for any member of the Standard Life Group or participants or any alteration solely relating to performance conditions.

#### *General*

Options are not transferable and benefits are not pensionable.

Any Standard Life Shares issued under the plan will rank *pari passu* with the Standard Life Shares in issue on the date of allotment, except in respect of rights arising by reference to a prior record date.

## **9.4 The Standard Life Restricted Stock Plan**

### *Types of award*

The RSP allows for options over Standard Life Shares to be granted to employees of the Standard Life Group (excluding executive directors). Awards may be subject to satisfaction of performance conditions and other conditions set at grant.

### *When awards can be made*

Subject to obtaining any required approvals or consents under Standard Life's share dealing code or any relevant regulation, awards may be granted at any time when the Standard Life Remuneration Committee considers that circumstances exist which justify their grant. No further awards may be made after 4 August 2019.

### *Eligibility*

All employees of the Standard Life Group are eligible to participate except for executive directors of Standard Life.

### *Performance targets and value of awards*

Options may be granted subject to performance conditions. There is no retesting of performance conditions after the end of the measurement period.

The Standard Life Remuneration Committee may impose other conditions when granting an option. It may, acting fairly and reasonably, change a performance condition if an event occurs which causes the Standard Life Remuneration Committee to reasonably consider that the performance condition would not, without alteration, achieve its original purpose and that the amended performance condition would not be materially less difficult to satisfy.

### *Normal vesting of awards*

Options will normally only become exercisable three years after grant (or such other date as the Standard Life Remuneration Committee may specify on or before the grant date) or at the end of the period over which the performance conditions are measured to the extent that the performance conditions and any other conditions are satisfied.

### *Leaving employment*

If a participant ceases to be an employee, or gives or receives notice to this effect, before the normal vesting date, his option will normally lapse (unless the Standard Life Remuneration Committee considers otherwise). If the Standard Life Remuneration Committee determines that it will not lapse, it will vest on the date of cessation or the normal vesting date (as the Standard Life Remuneration Committee sees fit) subject to satisfying applicable performance and other conditions and a pro rata reduction to reflect the earlier vesting date.

### *Clawback and malus*

At any time before the second anniversary of the normal vesting date, the Standard Life Board may determine that an option will be adjusted in such circumstances as it considers this appropriate, which

includes a material misstatement in the Standard Life Group's financial statements, any failure of risk management, fraud or other material financial irregularity, and serious misconduct by a participant. That adjustment may take place before or after vesting of an option to reduce the number of shares to which an option relates, to cancel an award, to impose further conditions on an option or to require repayment of an option by a participant.

#### *Dividend equivalents*

A participant is not entitled to receive dividends in respect of shares subject to an award until the shares are issued or transferred to him or her or to another person to hold for his or her benefit. However, the Standard Life Remuneration Committee may decide on or before vesting of an option that a participant will receive, to the extent that the award vests, a cash amount or a number of Standard Life Shares representing the value of dividends paid on the Standard Life Shares awarded from the date of the grant until vesting.

#### *Variations in share capital*

Options may be adjusted following variation in the equity share capital of Standard Life or a demerger, special dividend or any similar transaction which affects the market price of Standard Life Shares to a material extent. In that situation the Standard Life Board may make such adjustments as it considers appropriate to the number of shares subject to an option, the option price and, where the option has been exercised but no Standard Life Shares have been transferred, the number of shares which may be so transferred and the price at which they may be acquired.

#### *Takeovers and reconstructions*

On a takeover of Standard Life, whether by way of offer or by way of compromise or arrangement under section 899 of the CA 2006, options will vest on the date on which the person obtains control or on the date of Court sanction taking into account the extent to which any performance condition has been satisfied and, unless the Standard Life Board determines otherwise, the proportion of the vesting period which has elapsed at the date of the relevant event.

In the event of the winding-up of Standard Life, the Standard Life Board will determine whether and to what extent unvested awards will vest taking into account the extent to which any performance condition has been satisfied and, unless the Standard Life Board determines otherwise, the proportion of the vesting period which has elapsed at the date of the relevant event.

In the event of an internal reorganisation that does not involve a significant change of identity of the ultimate shareholders of Standard Life, the Standard Life Remuneration Committee may decide that Standard Life is not under the control of a bona fide third party and that an option will not vest.

#### *Amendments*

The Standard Life Remuneration Committee may alter the rules of the RSP or the terms of any options granted under it except that no material alteration may be made to disadvantage of any participant unless a majority of the relevant participants have indicated that they approve the alteration.

#### *General*

Awards are not transferable and benefits are not pensionable.

## 9.5 The Standard Life (Employee) Share Plan

The SP is operated by Standard Life and comprises three sections: Part A for awards to UK tax resident participants (“**Part A**”), Part B for awards to Irish tax resident participants (“**Part B**”) and Part C for non-tax favoured awards (“**Part C**”).

### (i) *Part A of the Standard Life (Employee) Share Plan*

#### *Eligibility*

Whenever the Standard Life Board decides to operate Part A, all UK resident employees of Standard Life and its participating subsidiaries must be invited to join the plan provided that they have been employed for the applicable qualifying period of service. If free Standard Life Shares are offered, the qualifying period can be no more than 18 months ending with the date of award of free Standard Life Shares. If partnership and matching Standard Life Shares are offered and there is no accumulation period, the qualifying period can be no more than 18 months, ending with the start of the deductions from salary. If there is an accumulation period, the qualifying period is no more than six months, ending with the start of the relevant accumulation period.

#### *Issue of invitations and grant of options*

Invitations to participate in an operation of Part A will specify whether, for that operation of the plan, free Standard Life Shares and/or partnership and matching Standard Life Shares (and, when relevant, dividend Standard Life Shares) may be acquired.

#### *Free shares*

If Part A is operated to provide free shares, free Standard Life Shares awarded to each employee participating in Part A must not have an initial market value of more than £3,000 in any tax year or any greater amount specified for the purposes of ITEPA (currently £3,600) (“**Free Shares**”).

The Standard Life Board will set the allocation system for the operation of Part A, including any performance measures which apply and the holding period for which the Free Shares must be held, which must be at least three years, but not more than five years, beginning with the award date.

#### *Partnership shares*

If Part A is operated to provide partnership shares, employees are invited to invest in Standard Life Shares through deductions from salary up to a limit of 10% of their gross salary for any tax year, or £1,500 in any tax year (whichever is less), or a greater percentage or amount specified in ITEPA (currently £1,800) (“**Partnership Shares**”).

At the time of invitation, the Standard Life Board decides whether there will be an accumulation period in relation to Partnership Shares, which is a period within which a participant’s contribution to Partnership Shares are held prior to their award, and which cannot be longer than 12 months. If there is no accumulation period, the trustee allocates Partnership Shares to the participants on a date set by the trustee which cannot be later than 30 days after the last day on which the relevant deduction of contributions takes place. If there is an accumulation period, the trustee allocates Partnership Shares to each participant within 30 days after the end of that period.

A participant may at any time take out of the plan any Partnership Shares acquired on his or her behalf. This may be subject to a tax charge under ITEPA. A participant who takes out Partnership Shares within three years of their acquisition may lose any rights to Matching Shares in respect of them.

A participant may direct the trustee to transfer the Partnership Shares to him or any other person. He may also assign or charge his beneficial interest in the Partnership Shares.

#### *Matching shares*

If Part A is operated to provide matching shares, a participant who invests in Partnership Shares is entitled to an award of matching Standard Life Shares (“**Matching Shares**”). The Standard Life Board will set the ratio of Matching Shares to Partnership Shares from time to time. The ratio cannot exceed the ratio specified in ITEPA, which is currently two Matching Shares to one Partnership Share.

Matching shares are satisfied by way of allotment.

#### *Dividend shares*

The trustee of the SP must, on the direction of the Standard Life Board, reinvest cash dividends that it receives in respect of Standard Life Shares held on behalf of participants in Part A in additional Standard Life Shares to be held on behalf of participants (“**Dividend Shares**”). The Standard Life Board may from time to time decide that instead of reinvesting dividends received in respect of the Standard Life Shares, the trustee may pay the cash dividends to participants.

#### *Acquisition of shares*

Standard Life and its subsidiaries may provide money to the trustee to enable it to acquire Standard Life Shares to be held for the purpose of satisfying awards under Part A.

#### *Restrictions on disposals of shares*

The trustee retains the Free Shares, Matching Shares and Dividend Shares throughout the relevant holding periods. A participant cannot assign, charge or dispose of his beneficial interest in these shares in any way during these periods except in the circumstance of a takeover offer or reconstruction of Standard Life, or if that participant leaves employment.

#### *Voting*

The trustee may invite participants to direct it on the exercise of any voting rights attaching to Standard Life Shares awarded under Part A and held by the trustee on the participants’ behalf.

#### *Offers*

A participant has the right to direct the trustee on the appropriate action to take in relation to any right to receive other shares, securities or rights of any description in relation to a reconstruction or takeover of Standard Life. On an exchange of shares in the event of a reconstruction or takeover of Standard Life, the trustee will hold any new shares as shares subject to Part A as if they were the original Standard Life Shares.

#### *Losing rights to Standard Life Shares*

The Standard Life Board may decide that a participant who leaves employment within a period specified by the Standard Life Board (not exceeding three years) from the award date will lose any right to receive Free Shares or Matching Shares. However, if a participant leaves employment because of injury, disability, a transfer to which the Transfer of Undertakings (Protection of Employment) Regulations would apply, the employing entity ceasing to be an associated company of Standard Life, redundancy, retirement or death, the participant will be entitled to receive the Free and Matching Shares on leaving employment.

Where a participant loses rights to Free Shares or Matching Shares and they remain part of Part A, the trustee will hold those Standard Life Shares on general trust for the purposes of Part A.

#### *Amendments*

The Standard Life Board may, with the trustee's written consent, at any time change the rules of Part A. However, no alteration to a "key feature" (as defined in Schedule 2 of ITEPA) will be made until the written approval of HMRC has been obtained. In addition, no alteration to the advantage of participants or eligible persons may be made to the provisions concerning eligibility, the individual limits on participation, the overall limits on the allocation of Standard Life Shares under Part A, the basis for determining how many Standard Life Shares employees receive or the adjustments that may be made following a rights issue or any other variation of capital without the prior approval of Standard Life's shareholders in general meeting. However, no such approval is required for minor amendments intended to benefit the administration of Part A, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants, Standard Life, the trustee or any subsidiary of Standard Life.

#### **(ii) Part B of the Standard Life (Employee) Share Plan**

##### *Eligibility*

Whenever the Standard Life Board decides to operate Part B, all Ireland resident employees of Standard Life and its participating subsidiaries must be invited to join the plan provided that they have completed a qualifying period of service of up to two years.

##### *Issue of invitations and grant of options*

Invitations to participate in an operation of Part B will specify whether, for that operation of the plan, Partnership Shares and Matching Shares may be acquired.

##### *Partnership shares*

On an operation of Part B, employees are invited to invest in Standard Life Shares through deductions from salary up to a limit specified in the Irish Taxes Consolidation Act 1997 (currently €12,700 in any tax year of 7.5% of the relevant participant's remuneration (whichever is less)).

##### *Matching shares*

If Part B is operated to provide Matching Shares, a participant who invests in Partnership Shares is entitled to an award of matching Standard Life Shares. The Standard Life Board will set the ratio of Matching Shares to Partnership Shares from time to time. The ratio must not be less than one Matching Share to one Partnership Share.

##### *Dividends*

A participant in Part B is treated as the beneficial owner of shares held on his behalf by the trustee during the holding period. Any dividends paid on the Standard Life Shares awarded under Part B during this period will be converted to Euros and distributed to employees.

##### *Acquisition of shares*

Standard Life and its subsidiaries may provide money to the trustee to enable it to acquire Standard Life Shares to be held for the purpose of satisfying awards under Part B.

### *Restrictions on disposals of shares*

Partnership Shares purchased by employees (and in respect of which no Matching Shares have been allocated) will not be subject to a holding period.

However, Partnership Shares qualifying for Matching Shares, as well as the corresponding Matching Shares, will be subject to a two-year holding period. A participant cannot assign, charge or dispose of his beneficial interest in these shares in any way during this period except in the circumstance of a takeover offer or reconstruction of Standard Life, or if that participant leaves employment. The employee would need to hold the Partnership Shares and any Matching Shares for three years in order to qualify for the full tax benefit currently available under Irish tax law.

### *Voting*

The trustee may invite participants to direct it on the exercise of any voting rights attaching to Standard Life Shares awarded under Part B and held by the trustee on the participants' behalf.

### *Offers*

A participant has the right to direct the trustee on the appropriate action to take in relation to any right to receive other shares, securities or rights of any description in relation to a reconstruction or takeover of Standard Life. On an exchange of shares in the event of a reconstruction or takeover of Standard Life, the trustee will hold any new shares as shares subject to Part B as if they were the original Standard Life Shares.

### *Cessation of employment*

If an employee's employment ceases, the Standard Life Shares will continue to be held by the trustee on behalf of the employee until sold by the employee. The Matching Shares and corresponding Partnership Shares will still be subject to the two-year holding period and so may not be sold by the employee until that period has expired.

In certain circumstances, for example, redundancy, retirement or death, the employee (or their personal representatives in the case of death) can sell their Matching Shares and corresponding Partnership Shares even if they have not been held for two years.

Partnership Shares purchased by employees (and in respect of which no Matching Shares have been allocated) can be sold at any time (during or after employment).

### *Amendments*

The Standard Life Board may at any time change the rules of Part B, provided that if Part B remains approved by the Irish Revenue Commissioners, no alteration will take effect until the Irish Revenue Commissioners have given their written approval to those amendments. In addition, no alteration to the advantage of participants or eligible persons may be made to the provisions concerning eligibility, the individual limits on participation, the overall limits on the allocation of Standard Life Shares under Part B, the basis for determining how many Standard Life Shares employees receive or the adjustments that may be made following a rights issue or any other variation of capital without the prior approval of Standard Life's shareholders in general meeting. However, no such approval is required for minor amendments intended to benefit the administration of Part B, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants, Standard Life, the trustee or any subsidiary of Standard Life.

### ***(iii) Part C of the Standard Life (Employee) Share Plan***

#### *Eligibility*

All employees of Standard Life and its participating subsidiaries are eligible to participate in Part C provided that they have completed a qualifying period of service set by the Standard Life Board (which will not exceed 18 months).

#### *Issue of invitations and grant of awards*

Invitations to participate in an operation of Part C will specify whether, for that operation of the plan, free shares, partnership shares and matching shares may be acquired.

Awards of free shares and matching shares may be granted in the form of a conditional right or an option. Partnership shares are shares that are acquired by a participant in connection with the grant of a matching award.

#### *Free awards*

If the Standard Life Board operates Part C to grant free awards, it may grant these subject to such terms as it may specify.

Standard Life may not grant a free award to any eligible participant which would cause the number of Standard Life Shares subject to such awards granted to that individual in the relevant financial year to exceed £3,000.

#### *Partnership shares*

If the Standard Life Board intends to grant matching awards under Part C, it will invite participants to acquire partnership shares for the purpose of qualifying for the grant of a matching award.

A participant may at any time take out of the plan any Partnership Shares acquired on his or her behalf. The Board may impose restrictions on the sale or disposal of Partnership Shares.

#### *Matching awards*

If Part C is operated to provide matching awards, a participant who invests in partnership shares is entitled to a matching award.

Standard Life may not grant a matching award to any eligible participant which would cause the number of Standard Life Shares subject to such awards granted to that individual in the relevant financial year to exceed £3,000.

Standard Life Board will set the ratio of Matching Shares to Partnership Shares. The ratio of the initial market value of Standard Life Shares subject to a matching award to the pre-tax monies used to buy partnership shares must not exceed two to one.

#### *Dividend equivalents*

A participant is not entitled to receive dividends in respect of shares subject to free awards or matching awards until the shares are issued or transferred to him or her or to another person to hold for his or her

benefit. However, the Standard Life Board may decide that on vesting of such an award a participant will receive, to the extent that the award vests, the value of the dividends that would have been paid the vesting Standard Life Shares from the date of grant until vesting.

A participant in Part C is treated as the beneficial owner of partnership shares held on his behalf by the trustee and will be paid any dividends paid on those Standard Life Shares.

#### *Vesting of awards and restrictions on disposals of shares*

Free awards will normally vest on the grant date or such other date as the Standard Life Board decides.

Matching awards will normally vest on the third anniversary of the grant date or such other date as the Standard Life Board decides.

The Standard Life Board may impose restrictions on the sale or disposal of partnership shares acquired by a participant under Part C.

#### *Voting*

The trustee may invite participants to direct it on the exercise of any voting rights attaching to partnership shares acquired under Part C and held by the trustee on the participants' behalf.

#### *Offers*

In respect of any partnership shares acquired under Part C, a participant has the right to direct the trustee on the appropriate action to take in relation to any right to receive other shares, securities or rights of any description in relation to a reconstruction or takeover of Standard Life. On an exchange of shares in the event of a reconstruction or takeover of Standard Life, the trustee will hold any new shares as shares subject to Part C as if they were the original Standard Life Shares.

#### *Cessation of employment*

If an employee's employment ceases, the partnership shares will continue to be held by the trustee on behalf of the employee until sold by the employee.

If the reason for cessation is anything other than dismissal for misconduct, a participant's free award will vest 60 days after the date of cessation (or such earlier date as the Standard Life Board determines).

In certain circumstances, for example, redundancy, retirement or death, a participant's matching award will vest 60 days after the date of cessation (or such earlier date as the Standard Life Board determines). Otherwise, a participant's matching award will lapse.

#### *Amendments*

The Standard Life Board may at any time change the rules of Part C, except that no alteration to the advantage of participants or eligible persons may be made to the provisions concerning eligibility, the individual limits on participation, the overall limits on the issue of Standard Life Shares or the transfer of treasury shares, the basis for determining a participant's entitlement to, and the terms of, Standard Life Shares or cash provided under Part C or the adjustments that may be made in the event of a variation of capital without the prior approval of Standard Life's shareholders in general meeting. However, no such approval is required for minor amendments intended to benefit the administration of Part C, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants, Standard Life or any company in the Standard Life Group.

## **9.6 Standard Life Sharesave Plan**

### *Eligibility*

All UK resident employees and full-time directors of Standard Life and its participating subsidiaries may apply for options under the UK Sharesave whenever it is operated, provided that they satisfy any qualifying period (not to exceed five years) set by the Standard Life Board.

### *Issue of invitations and grant of options*

Invitations to participate in the UK Sharesave may be issued at any time but before the Standard Life Board decides when to issue invitations it must have regard both to when the exercise price may be determined and any regulatory restrictions on issuing invitations and granting options.

The exercise price may normally only be determined within the 6-week period after the announcement of Standard Life's results for any period. It may also be determined outside these periods in exceptional circumstances.

At the time of receiving options, participants must enter into a savings contract with a nominated savings institution under which they agree to make monthly contributions of up to the sum specified by the Standard Life Board (which must be not more than the amount permitted by legislation – currently £500) from their pay. The savings contract can be fixed for a period of three or five years. The number of Standard Life Shares over which a participant is granted an option will be the number that can be acquired, at the exercise price, with the savings made, plus any bonus payable on maturity of the savings contract.

The UK Sharesave envisages that options will be satisfied by the issue of new shares, or by the transfer of treasury shares or other existing shares, to participants.

### *Exercise price*

The exercise price of options may not be manifestly less than 80% of the middle-market quotation of a Standard Life Share, as derived from the LSE on the dealing day, or the average of five dealing days or such other dealing day(s) as may be agreed in advance with HMRC, of either the day immediately preceding the sending of invitations or the date specified in the invitation.

### *Exercise of options*

Options may normally only be exercised during the six-month period following the bonus date of the related savings contract. This may be after the third or fifth anniversary of the date of grant. In certain circumstances, exercise of options is permitted in respect of the number of Standard Life Shares that may be acquired using the proceeds of the partially completed savings contract. Examples are where a participant leaves employment in circumstances of death, retirement, injury, disability or redundancy. If a participant leaves employment other than in such special circumstances, his options will lapse. Options may also be exercised in the event of a takeover, reconstruction or amalgamation or voluntary winding-up of Standard Life or, in certain circumstances, may be exchanged for options over shares in an acquiring company.

### *Variation of share capital*

In the event of any variation of Standard Life's share capital, the number of Standard Life Shares and/or the exercise price may be adjusted by the Standard Life Board in such manner as it may determine to be appropriate, provided that the scheme continues to comply with Schedule 3 of ITEPA.

### *Rights of optionholders*

Options are not transferable and may only be exercised by the persons to whom they were granted or their personal representatives. Standard Life Shares transferred under the UK Sharesave will rank *pari passu* with the Standard Life Shares in issue (except in respect of entitlements arising prior to the date of exercise).

### *Amendments*

The provisions governing eligibility requirements, individual limits on participation, overall limits on the issue of shares or the transfer of treasury shares under the UK Sharesave, the adjustments that can be made in the event of a rights issue or any other variation of capital and the alteration clause cannot be altered to the advantage of eligible employees or optionholders without the prior sanction of Standard Life's shareholders in general meeting (except for minor alterations to benefit the administration of the UK Sharesave, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants in the UK Sharesave, Standard Life, any company of which Standard Life has control or any associated company of Standard Life).

## **9.7 The Standard Life Ireland Sharesave Plan**

### *Eligibility*

All Ireland resident employees and full-time directors of Standard Life and its participating subsidiaries may apply for options under the Irish Sharesave whenever it is operated, provided that they satisfy any qualifying period (not to exceed three years) set by the Standard Life Board.

### *Issue of invitations and grant of options*

Invitations to participate in the Irish Sharesave may be issued at any time but before the Standard Life Board decides when to issue invitations it must have regard both to when the exercise price may be determined and any regulatory restrictions on issuing invitations and granting options.

The exercise price may normally only be determined within the 6-week period after the announcement of Standard Life's results for any period. It may also be determined outside these periods in exceptional circumstances.

At the time of receiving options, participants must enter into a savings contract with a nominated savings institution under which they agree to make monthly contributions of up to the sum specified by the Standard Life Board (which must be not more than the amount permitted by legislation – currently €500) from their pay. The savings contract can be fixed for a period of three or five years. The number of Standard Life Shares over which a participant is granted an option will be the number that can be acquired, at the exercise price, with the savings made, plus any bonus payable on maturity of the savings contract.

The Irish Sharesave envisages that options will be satisfied by the issue of new shares, or by the transfer of treasury shares or other existing shares, to participants.

### *Exercise price*

The exercise price of options may not be manifestly less than 75% of the middle-market quotation of a Standard Life Share, as derived from the LSE on the dealing day, or the average of five dealing days or such other dealing day(s) as may be agreed in advance with HMRC, of either the day immediately preceding the sending of invitations or the date specified in the invitation.

### *Exercise of options*

Options may normally only be exercised during the six-month period following the bonus date of the related savings contract. This may be after the third or fifth anniversary of the date of grant. In certain circumstances, exercise of options is permitted in respect of the number of Standard Life Shares that may be acquired using the proceeds of the partially completed savings contract. Examples are where a participant leaves employment in circumstances of death, retirement, injury, disability or redundancy. If a participant leaves employment other than in such special circumstances, his options will lapse. Options may also be exercised in the event of a takeover, reconstruction or amalgamation or voluntary winding-up of Standard Life or, in certain circumstances, may be exchanged for options over shares in an acquiring company.

### *Variation of share capital*

In the event of any variation of Standard Life's share capital, the number of Standard Life Shares and/or the exercise price may be adjusted by the Standard Life Board in such manner as it may determine to be appropriate, provided that the scheme continues to comply with Schedule 12A of the Irish Taxes Consolidation Act 1997.

### *Rights of optionholders*

Options are not transferable and may only be exercised by the persons to whom they were granted or their personal representatives. Standard Life Shares transferred under the UK Sharesave will rank *pari passu* with the Standard Life Shares in issue (except in respect of entitlements arising prior to the date of exercise).

### *Amendments*

The provisions governing eligibility requirements, individual limits on participation, overall limits on the issue of shares or the transfer of treasury shares under the Irish Sharesave, the basis for determining a participant's entitlement to, and the terms of, shares provided under the Irish Sharesave, the adjustments that can be made in the event of a rights issue or any other variation of capital and the alteration clause cannot be altered to the advantage of eligible employees or optionholders without the prior sanction of Standard Life's shareholders in general meeting (except for minor alterations to benefit the administration of the Irish Sharesave, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants in the Irish Sharesave, Standard Life, any company of which Standard Life has control or any associated company of Standard Life).

## **9.8 The Standard Life Integration Award Plan**

### *Types of award*

The IAP governs the terms of retention awards awarded to certain employees (excluding executive directors) of the Standard Life Group in contemplation of the Merger. Under the IAP, participants may be granted awards in the form of nil-cost options over Standard Life Shares, phantom options or cash conditional awards over notional Standard Life Shares, or deferred cash awards. Awards are subject to a combination of personal and company performance conditions.

### *Eligibility*

Employees of the Standard Life Group (excluding executive directors) are eligible to participate.

### *Normal vesting of awards*

Awards will normally only vest and Standard Life Shares will normally only be released on the earlier of (i) announcement by Standard Life of the successful completion of the integration of Standard Life and Aberdeen following the Merger and (ii) the second anniversary of the Effective Date. For some participants, awards will not vest until the third anniversary of grant due to regulatory requirements. Awards will not vest unless the Effective Date occurs on or before 31 December 2017.

### *Leaving employment*

If a participant ceases to be an employee (or gives or receives notice to this effect) before the normal vesting date, his award will normally lapse. However, it will not lapse but will vest if employment terminates because of a participant's redundancy, death, injury, ill-health or disability, his employing company or business being transferred out of the Standard Life Group, or such other circumstances as the Standard Life Remuneration Committee determines. If the reason is redundancy, the award will vest in full on the normal vesting date (or in such other manner as the Standard Life Remuneration Committee determines). Otherwise, the award will vest on the normal vesting date subject to time pro-rating (in each case, unless otherwise determined by the Group Remuneration Committee).

### *Clawback and malus*

At any time before the second anniversary of vesting, the Standard Life Board may determine that an award will be adjusted in such circumstances as it considers this appropriate, which includes a material misstatement in the Standard Life Group's financial statements, any failure of risk management, fraud or other material financial irregularity, and serious misconduct by a participant. That adjustment may take place before or after vesting of an award to reduce the number of shares to which an award relates, to cancel an award or to require repayment of an award by a participant.

### *Dividend equivalents*

A participant is not entitled to receive dividends in respect of shares subject to an award until the shares are issued or transferred to him or her or to another person to hold for his or her benefit. However, awards may be granted on the basis that a participant will receive, to the extent that the award vests, a cash amount or a number of Standard Life Shares representing the value of dividends paid on the Standard Life Shares awarded from the date of the award until vesting.

### *Variations in share capital*

Awards may be adjusted following variation in the equity share capital of Standard Life or a demerger, special dividend or any similar transaction which affects the market price of Standard Life Shares to a material extent. In that situation the Standard Life Board may make such adjustments to the number of shares subject to an award as it considers appropriate.

### *Amendments*

The Standard Life Remuneration Committee may alter the rules of the IAP in any respect.

### *General*

Awards are not transferable.

## 9.9 The Aberdeen Deferred Share Plan 2009

Under the Cooperation Agreement, Standard Life agreed to grant participants in the Aberdeen DSP, in exchange for their outstanding options under the Aberdeen DSP, equivalent options over Standard Life Shares on and subject to the rules of the Aberdeen DSP (“**Replacement Awards**”). As a result, on Court sanction of the Scheme, participants in the Aberdeen DSP will be granted Replacement Awards by Standard Life over Standard Life Shares which will have substantially the same value as the Aberdeen Shares which were subject to the original option under the Aberdeen DSP immediately before Court sanction.

The terms of the Aberdeen DSP which will govern these Replacement Awards are as follows. No new options will be granted under the Aberdeen DSP.

### *Types of award*

Under the Aberdeen DSP, there are outstanding deferred awards, which are in the form of nil-cost options. Employees of the Aberdeen Group (including executive directors of Aberdeen) participate in the Aberdeen DSP.

### *Normal vesting of awards*

Deferred awards will normally vest three years after grant (the “**Deferral Period**”) and may be subject to performance conditions.

### *Leaving employment*

If a participant ceases to be an employee before the end of the Deferral Period, the option will normally lapse. However, awards will not lapse but will continue if employment terminates because of a participant’s death, ill-health retirement, redundancy, retirement, his employing company or business being transferred out of the Standard Life Group or in any other circumstances determined by Standard Life. Awards will vest on the normal vesting date unless Standard Life decides that they will vest at the date of cessation.

### *Clawback and malus*

At any time before the third anniversary of grant of an option, the Standard Life Remuneration Committee may, in certain circumstances, decide to reduce (including to zero) the number of unvested shares under the option or value of unvested amounts under funds awards, the amount of any future bonus otherwise payable to the individual, the number of unvested shares or unvested value under an award made under any Standard Life share plan, deferred award plan or long-term incentive plan (which is not HMRC-approved) and/or the extent to which any unvested rights to acquire shares or value under any such plan may vest. Such circumstances include the Standard Life Remuneration Committee forming the view that the financial or other performance results for the financial year to which the bonus and deferred award relate were materially misstated or should have been assessed materially differently and this has resulted in that award being larger than would otherwise have been the case, it is discovered that there has been, within the company, a significant failure of risk management and control and/or it is discovered that the relevant individual committed misconduct resulting in disciplinary action.

### *Dividend equivalents*

A participant is not entitled to receive dividends in respect of shares subject to an option until the shares are issued or transferred to him or her or to another person to hold for his or her benefit. However, the Standard Life Board may decide that on vesting a participant will receive, to the extent that an option vests, a cash amount representing the value of dividends paid on the Standard Life Shares subject to the option from the date of grant until vesting.

### *Variations in share capital*

If the Standard Life Board becomes aware that Standard Life is or is expected to be affected by any demerger, dividend in specie, super dividend or other transaction which would affect the current or future value of any option, the Standard Life Board may, acting fairly, reasonably and objectively, allow some or all options to vest wholly or in part.

### *Takeovers and reconstructions*

On a takeover of Standard Life, whether by way of offer or by way of compromise or arrangement under section 979 of the CA 2006, if the acquiring company obtains control and the Standard Life Board agrees, options will be automatically exchanged, in full, for equivalent new awards. If the acquiring company or the Standard Life Board do not agree to such an exchange, options will vest on the date on which the person obtains control or on the date of Court sanction to the extent determined by the Standard Life Board in its discretion.

### *Amendments*

Provisions relating to eligibility, individual and dilution limits, the rights of a participant in the event of a capitalisation issue, rights issue, sub-division or consolidation of shares or reduction or any other variation of capital of Standard Life and the amendment power cannot be altered to the advantage of present or future participants without the prior approval of Standard Life Shareholders in general meeting. However, no such approval is required for other changes or for minor amendments intended to benefit the administration of the Aberdeen DSP, to comply with or take account of the provisions of any proposed or existing legislation, to take account of any changes to legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for any member of the Standard Life Group or participants.

### *General*

Options are not transferrable and benefits are not pensionable.

## **9.10 The Aberdeen USA Deferred Share Award Plan**

On Court sanction of the Scheme, holders of awards granted under the Aberdeen USA DSP after 24 March 2017 will be granted Replacement Awards by Standard Life over Standard Life Shares which will have substantially the same value as the Aberdeen Shares which were subject to the original award under the Aberdeen USA DSP immediately before Court sanction.

The terms of the Aberdeen USA DSP which will govern these Replacement Awards are as follows. No new awards will be granted under the Aberdeen USA DSP.

### *Types of award*

Under the Aberdeen USA DSP, there are outstanding deferred share awards, which are in the form of subsisting rights to acquire shares at the end of a forfeiture period. Employees of the Aberdeen Group participate in the Aberdeen USA DSP.

### *Normal vesting of awards*

Awards will normally vest at the end of a two-year period following the Effective Date (the “**Forfeiture Period**”) provided that the applicable performance conditions are satisfied.

### *Leaving employment*

If a participant ceases to be an employee before the end of the Forfeiture Period, the award will normally lapse. However, the trustee may specify in the relevant award holder's deferred share award agreement that if the award holder ceases to be a qualifying employee for a specified reason, the award will not lapse but the trustee will permit some or all of the shares subject to the award to be transferred on the terms and at the time specified by the trustee.

### *Clawback and malus*

At any time before the end of the Forfeiture Period, the Standard Life Remuneration Committee may, in certain circumstances, after taking account of the extent to which any performance conditions have been met and any other factors it deems appropriate, decide to reduce (including to zero) the number of unvested shares under the any deferred awards or value of unvested amounts under funds awards, the amount of any future bonus otherwise payable to the individual, the number of unvested shares or unvested value under an award made under any Standard Life share plan, deferred award plan or long-term incentive plan and/or the extent to which any unvested rights to acquire shares or value under any such plan may vest or become exercisable. Such circumstances include the Standard Life Remuneration Committee forming the view that the financial or other performance results for the financial year to which the deferred award relates were materially misstated or should have been assessed materially differently and this has resulted in that award being larger than would otherwise have been the case.

### *Dividends*

A participant is not entitled to receive dividends in respect of shares subject to an award until the shares are transferred to him or her.

### *Variations in share capital*

If there is any increase or variation of the share capital of Standard Life by way of capitalisation or rights issue, or sub-division, consolidation or reduction or otherwise, the trustee may make such adjustments as it considers appropriate to the number of shares subject to the award or, if the Forfeiture Period has ended but no shares have been transferred, to the number of shares which may be transferred, after seeking the advice of the person authorised by the Standard Life Remuneration Committee to agree such matters.

### *Takeovers*

If the acquiring company obtains control and the Standard Life Board agrees, awards will be automatically exchanged, in full, for equivalent new awards. If the acquiring company or the Standard Life Board do not agree to such an exchange, the Forfeiture Period will terminate on the change of control or on the date of Court sanction and shares subject to awards which have not lapsed will be transferred to award holders within 30 days.

### *Amendments*

The trustee may (after seeking the advice of the person authorised by the Standard Life Remuneration Committee to agree such matters), make any alteration to the plan which it thinks fit. Any alteration which would materially increase the liability of an award holder or which would materially decrease the value of his or her subsisting rights under an award require his or her prior written consent, unless they are necessary to comply with or take account of any applicable legislation or statutory regulations, or to obtain or maintain favourable taxation treatment for Standard Life or potential award holders.

### *General*

Awards are not transferrable and benefits are not pensionable.

## **PART XVI ADDITIONAL INFORMATION**

### **1. RESPONSIBILITY STATEMENT**

The Standard Life Directors and the Proposed Directors, whose names appear in paragraphs 1.2 and 1.5 respectively of Part XV (*Directors, Proposed Directors, Senior Manager and Corporate Governance*), and Standard Life accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Standard Life Directors, the Proposed Directors and Standard Life (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and this Prospectus does not omit anything likely to affect the import of such information.

### **2. COMPANY INFORMATION**

Standard Life was incorporated in Scotland on 30 June 2005 as a private company under the CA 1985, with the name SLGC Limited. On 26 May 2006, Standard Life was re-registered as a public company limited by shares and changed its name to Standard Life plc. Standard Life is registered at Companies House under company number SC286832. Standard Life is considered a resident of the United Kingdom for tax purposes.

Standard Life's registered office is Standard Life House, 30 Lothian Road, Edinburgh EH1 2DH, Scotland. The telephone number of its principal place of business is +44 (0)131 225 2552. The telephone number for Standard Life Shareholder Services is 0345 113 0045, or +44 (0)20 3367 8224 if calling from overseas. The helpline cannot provide advice on the merits of the Combined Group or the Scheme or give any financial, legal or tax advice. Further contact details for shareholders resident in other jurisdictions are set out below:

Ireland +353 (1)431 9829

Germany and Austria +49 (0)69 9753 3030

Canada 1-866-982-9939

Calls may be monitored and / or recorded to protect both you and us and help with our training. Call charges will vary.

The principal legislation under which Standard Life operates and under which the New Shares will be issued is the CA 2006.

### **3. SHARE CAPITAL**

#### **3.1 Issued share capital**

The issued and fully paid share capital of Standard Life as at the Latest Practicable Date is set out in the following table.

#### **ISSUED SHARE CAPITAL (AS AT THE LATEST PRACTICABLE DATE)**

	NUMBER ISSUED	FULLY PAID	AGGREGATE NOMINAL VALUE
TOTAL ISSUED ORDINARY SHARE CAPITAL	1,979,413,496	Yes	£241,928,316
TOTAL ISSUED SHARE CAPITAL	1,979,413,496	Yes	£241,928,316

As at the Latest Practicable Date, Standard Life did not hold any Standard Life Shares in treasury and no subsidiary of Standard Life held any Standard Life Shares.

### 3.2 Options

Details of the total number of options (all granted for nil consideration) under the Standard Life Share Plans outstanding as at the Latest Practicable Date are set out in the following table.

#### TOTAL NUMBER OF OPTIONS AND AWARDS UNDER STANDARD LIFE SHARE PLANS (AS AT THE LATEST PRACTICABLE DATE)

Standard Life Share Plan	Date of grant <sup>23</sup>	Number of Standard Life Shares under option <sup>24</sup>	Exercise price	Normally exercisable from/until <sup>25</sup>
STIP	27 March 2015	124,255	Nil	27 March 2017 - 26 September 2017
STIP	24 March 2016	423,739	Nil	24 March 2018 - 23 September 2018
STIP	31 March 2017	541,626	Nil	31 March 2020 - 29 September 2020
Executive LTIP	20 May 2014 - 10 September 2014	1,034,682	Nil	20 May 2017 - 9 March 2020
Executive LTIP	27 March 2015	2,204,366	Nil	27 March 2018 - 26 September 2020
Executive LTIP	24 March 2016 - 13 June 2016	3,984,589	Nil	24 March 2019 - 23 September 2021
Executive LTIP	27 March 2017	4,017,959	Nil	27 March 2020 - 26 September 2022
SLI LTIP	28 March 2014 - 5 December 2014	174,389	Nil	28 March 2017 - 4 June 2018
SLI LTIP	30 March 2015 - 18 November 2015	12,360,570	Nil	30 March 2018 - 17 May 2019
SLI LTIP	24 March 2016	16,178,849	Nil	24 March 2019 - 23 September 2019
SLI LTIP	27 March 2017	19,371,746	Nil	27 March 2020 - 26 September 2020
IAP	27 March 2017 - 25 April 2017	3,277,706	Nil	Dependent on, inter alia, timing of integration following the Merger
RSP	5 December 2014	98,551	Nil	28 March 2017 - 4 June 2018
RSP	12 March 2015 - 7 December 2015	1,206,532	Nil	31 January 2017 - 29 September 2018
RSP	26 February 2016 - 6 December 2016	1,412,550	Nil	31 January 2017 - 30 July 2020
RSP	27 March 2017	29,145	Nil	4 December 2017 - 26 September 2020
UK Sharesave	15 September 2011	6,767	157.46p	1 November 2016 - 30 October 2017
UK Sharesave	13 September 2012	194,561	220.80p	1 November 2017 - 30 April 2018
UK Sharesave	4 October 2013	352,779	271.60p	1 November 2018 - 30 April 2019
UK Sharesave	12 September 2014	1,633,296	296.10p	1 November 2017 - 30 April 2018
UK Sharesave	12 September 2014	435,074	296.10p	1 November 2019 - 30 April 2020
UK Sharesave	24 September 2015	1,109,934	327.70p	1 November 2018 - 30 April 2019
UK Sharesave	24 September 2015	275,476	327.70p	1 November 2020 - 30 April 2021
UK Sharesave	16 September 2016	2,071,561	283.40p	1 November 2019 - 30 April 2022
UK Sharesave	16 September 2016	801,524	283.40p	1 November 2021 - 30 April 2022
Irish Sharesave	13 September 2012	16,378	281.12c	1 November 2017 - 30 April 2018
Irish Sharesave	4 October 2013	567	321.60c	1 November 2016 - 30 April 2018
Irish Sharesave	4 October 2013	21,713	321.60c	1 November 2018 - 30 April 2019
Irish Sharesave	12 September 2014	19,893	370.00c	1 November 2017 - 30 April 2018
Irish Sharesave	12 September 2014	11,093	370.00c	1 November 2019 - 30 April 2020
Irish Sharesave	24 September 2015	36,159	448.00c	1 November 2018 - 30 April 2019
Irish Sharesave	24 September 2015	11,137	448.00c	1 November 2020 - 30 April 2021
Irish Sharesave	16 September 2016	64,550	328.30c	1 November 2019 - 30 April 2020
Irish Sharesave	16 September 2016	12,804	328.30c	1 November 2021 - 30 April 2022

### 3.2 History of share capital

Details of changes in Standard Life's share capital for the years ending 31 December 2016, 31 December 2015 and 31 December 2014, are set out in the following table. No Standard Life Shares were held in treasury during these periods.

<sup>23</sup> Grants may be made under the Executive LTIP, the SLI LTIP and the RSP during the course of the year. The majority of Executive LTIP and SLI LTIP options are granted in March.

<sup>24</sup> The number of Standard Life Shares under option is inclusive of dividend equivalents where permitted by the plan runs.

<sup>25</sup> Exercisable date range runs from the date the first option granted becomes exercisable to the date the last option that becomes exercisable can be exercised.

## ISSUED SHARE CAPITAL (CHANGES IN YEARS ENDING 31 DECEMBER 2016, 31 DECEMBER 2015 AND 31 DECEMBER 2014)

	2016	2015	2014
<b>TOTAL OPENING ISSUED SHARE CAPITAL</b>	£240,769,685.85	£ 239,437,374.40	£237,661,673.00
<b>MOVEMENTS IN ISSUED SHARE CAPITAL</b>			
Shares issued in respect of share incentive plans	460,194		287,120
2015 Pre consolidation		169,283	
2015 Post consolidation		194,329	
Shares issued in respect of share options	8,486,868		17,469,894
2015 Pre consolidation		642,095	
2015 Post consolidation		10,046,128	
<b>CLOSING NUMBER OF SHARES</b>	1,978,884,437	1,969,937,375 <sup>26</sup>	2,394,373,744
<b>TOTAL ISSUED ORDINARY SHARE CAPITAL</b>	£241,863,653.40	£240,769,685.85	£239,437,374.40

### 4. MAJOR SHAREHOLDERS

As at the Latest Practicable Date, Standard Life had been notified in accordance with DTR 5 of the direct and/or indirect interests of the following underlying investors in 3% or more of the issued ordinary share capital of Standard Life (being the threshold of notification under the Disclosure Guidance and Transparency Rules).

#### MAJOR SHAREHOLDERS (AS AT THE LATEST PRACTICABLE DATE)

Name	Number of Standard Life Shares	% of Existing Standard Life Shares	% of Standard Life Shares immediately following Admission
BlackRock Inc.	118,749,303	6.0%	3.9%
Henderson Global Investors	77,742,805	3.9%	2.6%

None of the major shareholders in Standard Life have different voting rights attached to the Existing Standard Life Shares that they hold.

Standard Life is not aware of any persons who, as at the Latest Practicable Date, directly or indirectly, jointly or severally, exercise or could exercise control over Standard Life nor are they aware of any arrangements the operation of which may at a subsequent date result in a change of control of Standard Life.

### 5. RESOLUTIONS AND AUTHORITIES

#### *Existing resolutions and authorities*

Pursuant to the CA 2006, with effect from 1 October 2009, the concept of authorised share capital was abolished and, accordingly, there is no limit on the maximum amount of shares that may be allotted by Standard Life.

By an ordinary resolution at Standard Life's 2016 AGM held on 17 May 2016, the Standard Life Board was generally and unconditionally authorised by the Standard Life Shareholders, in substitution for all subsisting authorities, to allot shares, and to grant rights to subscribe for or to convert any security into shares, up to an aggregate nominal amount of £80,259,685, and to list such shares or rights on any stock exchange, such authorities to apply until the end of the next AGM of Standard Life (unless previously

<sup>26</sup> On 13 March 2015, Standard Life undertook a share consolidation of its share capital. Nine new ordinary shares of 12 <sup>2</sup>/<sub>5</sub> pence each were issued for each holding of 11 existing ordinary shares of 10 pence each. As a result, the number of shares in issue reduced from 2,395,185,122 to 1,959,696,918.

renewed, revoked or varied by Standard Life Shareholders in general meeting) but, in each case, during this period Standard Life may make offers and enter into agreements which would, or might, require shares to be allotted or rights to subscribe for or to convert securities into shares to be granted after the authority ends and the Standard Life Board may allot shares or grant rights to subscribe for or to convert securities into shares under any such offer or agreement as if the authority had not ended.

The Standard Life Board is also empowered by way of special resolution to allot equity securities (as defined in the CA 2006) for cash under the authority given by the resolution stated above and/or to sell ordinary shares held by Standard Life as treasury shares for cash as if section 561 of the CA 2006 did not apply to any such allotment or sale, such power to be limited: (a) to the allotment of equity securities and sale of treasury shares for cash in connection with an offer of, or invitation to apply for, equity securities: (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and (ii) to holders of other equity securities, as required by the rights of those securities or as the Standard Life Board otherwise considers necessary and the Standard Life Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, or legal or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange or any other matter whatsoever; and (b) in the case of the authority granted under this resolution and/or in the case of any sale of treasury shares for cash, to the allotment (otherwise than under sub-paragraph (i) above) of equity securities or the sale of treasury shares up to a nominal amount of £12,038,952, such power to apply until the earlier of the close of business on the date falling fifteen months after the date on which this resolution is passed, and the end of the next AGM of Standard Life but, in each case, during this period Standard Life may make offers and enter into agreements which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power ends, and the Standard Life Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not ended.

Standard Life is also authorised for the purposes of section 701 of the CA 2006 to make one or more market purchases (as defined in section 693(4) of the CA 2006) of Standard Life Shares, such power to be limited: (a) to a maximum number of 197,001,046 ordinary shares; (b) by the condition that the minimum price which may be paid for a Standard Life Share is 12 <sup>2</sup>/<sub>9</sub> pence and the maximum price which may be paid for a Standard Life Share is the higher of: (i) an amount equal to 5% above the average market value of a Standard Life Share for the five business days immediately preceding the day on which that Standard Life Share is contracted to be purchased; and (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venues where the purchase is carried out, in each case, exclusive of expenses; such power to apply until the earlier of the close of business on the date falling fifteen months after the date on which the resolution is passed, and the end of the next Standard Life AGM but in each case so that Standard Life may enter into a contract to purchase Standard Life Shares which will or may be completed or executed wholly or partly after the power ends and Standard Life may purchase Standard Life Shares pursuant to any such contract as if the power had not ended.

### ***Shareholder authorities to be proposed at the Standard Life General Meeting***

The Merger will be effected, and the New Shares will be issued, under the Standard Life Resolutions to be proposed at the Standard Life General Meeting.

## RESOLUTION 1 (Ordinary Resolution)

**(1) THAT:**

(A) the proposed acquisition by the Company of the entire issued ordinary share capital of Aberdeen Asset Management PLC (“**Aberdeen**”), to be effected pursuant to a scheme of arrangement of Aberdeen under Part 26 of the Companies Act 2006 (the “**Scheme**”) (or by way of a takeover offer as defined in Chapter 3 of Part 28 of Companies Act 2006 in the circumstances set out in the cooperation agreement entered into between the Company and Aberdeen dated 6 March 2017 (an “**Offer**”)) (the “**Recommended Merger**”) substantially on the terms and subject to the conditions set out in:

- (i) the circular to shareholders of the Company dated 9 May 2017 (the “**Circular**”) outlining the Recommended Merger, of which this notice convening this General Meeting (the “**Notice**”) forms part; and
- (ii) the prospectus prepared by the Company in connection with Admission (defined below) dated 9 May 2017,

be and is hereby approved and the directors of the Company (the “**Directors**”) (or a duly authorised committee thereof) be and are hereby authorised to do or procure to be done all such acts and things as they consider necessary, expedient or appropriate in connection with the Recommended Merger and this resolution and to agree such modifications, variations, revisions, waivers or amendments to the terms and conditions of the Recommended Merger (provided that such modifications, variations, revisions, waivers or amendments do not materially change the terms of the Recommended Merger for the purposes of the UK Listing Authority’s Listing Rule 10.5.2) and to any documents and arrangements relating thereto, as the Directors (or a duly authorised committee thereof) may in their absolute discretion think fit; and

(B) subject to and conditional upon:

- (i) the conditions for the Scheme to become effective being satisfied, except for the conditions relating to:
  - (a) the delivery of the order of the Court of Session in Edinburgh, Scotland sanctioning the Scheme to the Registrar of Companies; and
  - (b) the UK Listing Authority having acknowledged to the Company or its agent (and such acknowledgment not having been withdrawn) that the application for the admission of the new ordinary shares of 12 <sup>2</sup>/<sub>9</sub> pence each in the capital of the Company to be issued pursuant to the Scheme (or, as the case may be, the Offer) (the “**New Shares**”) to listing on the premium listing segment of the Official List maintained by the UK Listing Authority has been approved and (after satisfaction of any conditions to which such approval is expressed to be subject (the “**listing conditions**”)) will become effective as soon as a dealing notice has been issued by the Financial Conduct Authority and any listing conditions having been satisfied and London Stock Exchange plc having acknowledged to the Company or its agent (and such acknowledgment not having been withdrawn) that the New Shares will be admitted to trading on the main market of the London Stock Exchange plc (“**Admission**”); or, as the case may be,

- (ii) an Offer becoming or being declared wholly unconditional (except for Admission),

the Directors be and hereby are generally and unconditionally authorised in accordance with section 551 of Companies Act 2006 (in addition, to the extent unutilised, to the authority granted to the Directors at the Company's annual general meeting held on 16 May 2017, which remains in full force and effect) to exercise all the powers of the Company to allot the New Shares and grant rights to subscribe for or to convert any security into shares in the Company, up to an aggregate nominal amount of £122,203,680.50, in each case, credited as fully paid, with authority to deal with fractional entitlements arising out of such allotment as they think fit and to take all such other steps as they may in their absolute discretion deem necessary, expedient or appropriate to implement such allotments in connection with the Recommended Merger, and which authority shall expire at the close of business on 31 December 2017 (unless previously revoked, renewed or varied by the Company in a general meeting), save that the Company may before such expiry make an offer or enter into an agreement that would or might require shares to be allotted, or rights to subscribe for or to convert securities into shares to be granted, after such expiry and the Directors may allot shares or grant such rights in pursuance of such an offer or agreement as if the authority conferred by this resolution had not expired.

## **RESOLUTION 2 (Ordinary Resolution)**

- (2) **THAT**, subject to and conditional upon the passing of Resolution 1 and Admission, the remuneration policy (set out in Part B of the Appendix to the Circular (the "**Remuneration Policy**") be and hereby is approved.

## **6. SUMMARY OF THE STANDARD LIFE ARTICLES OF ASSOCIATION**

The Standard Life Articles of Association were adopted by Standard Life on 12 May 2015 and contain, among others, provisions to the following effect.

### **6.1 Unrestricted objects**

The objects of the Company are unrestricted.

### **6.2 Limited liability**

The liability of the Company's members is limited to any unpaid amount on the shares in the Company held by them.

### **6.3 Change of name**

The Articles of Association allow the Company to change its name by resolution of the directors of the Company. This is in addition to the Company's statutory ability to change its name by special resolution under the CA 2006.

### **6.4 Share rights**

Subject to any rights attached to existing shares, shares may be issued with such rights and restrictions as the Company may by ordinary resolution decide, or (if there is no such resolution or so far as it does not make specific provision) as the Board may decide. Such rights and restrictions shall apply as if they were set out in the articles. Redeemable shares may be issued, subject to any rights attached to existing shares. The Board may determine the terms and conditions and the manner of redemption of any redeemable share

so issued. Such terms and conditions shall apply to the relevant shares as if they were set out in the articles. Subject to the articles, any resolution passed by the Standard Life Shareholders and other Standard Life Shareholders' rights, the Board may decide how to deal with any shares in the Company.

## **6.5 Voting rights**

Shareholders will be entitled to vote at a general meeting or class meeting whether on a show of hands or a poll. The CA 2006 provides that:

- (i) on a show of hands, every member present in person has one vote and every proxy present who has been duly appointed by one or more members will have one vote, except that a proxy has one vote for and one vote against if the proxy has been duly appointed by more than one member and the proxy has been instructed by one or more members to vote for and by one or more other members to vote against. For this purposes, the articles provide that, where a proxy is given discretion as to how to vote on a show of hands this will be treated as an instruction by the relevant member to vote in the way that the proxy decides to exercise that discretion.
- (ii) on a poll, every member has one vote per share held by him and he may vote in person or by one or more proxies. Where he appoints more than one proxy, the proxies appointed by him taken together shall not have more extensive voting rights than he could exercise in person.

This is subject to any rights or restrictions that are given to any shares or on which shares are held.

In the case of joint holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.

## **6.6 Restrictions**

No member shall be entitled to vote at any general meeting or class meeting in respect of any share held by him if any call or other sum then payable by him in respect of that share remains unpaid or if a member has been served with a restriction notice (as defined in the articles) after failure to provide the Company with information concerning interests in those shares required to be provided under the CA 2006.

## **6.7 Dividends and other distributions**

The Company may by ordinary resolution from time to time declare dividends not exceeding the amount recommended by the Board. Subject to the CA 2006, the Board may pay interim dividends, and also any fixed rate dividend, whenever the financial position of the Company, in the opinion of the Board, justifies its payment. If the Board acts in good faith, it is not liable to holders of shares with preferred or *pari passu* rights for losses arising from the payment of interim or fixed dividends on other shares.

Every dividend shall, at any point prior to its payment, be cancellable by the Board if the Board considers, in its sole discretion, that such cancellation is or may be necessary or appropriate as a result of any applicable law or regulation or in order to meet any applicable capital solvency requirement. Accordingly, notwithstanding the terms of any ordinary resolution of the Company or resolution of the Board, any dividend declared by such ordinary resolution or resolved to be paid by such board resolution shall be payable subject in each case to the condition that it shall not have been cancelled by the Board prior to its payment.

The Board may withhold payment of all or any part of any dividends or other moneys payable in respect of the Company's shares from a person with a 0.25% or greater holding, in number or nominal value, of the shares of the Company or of any class of such shares (in each case, calculated exclusive of any shares held as treasury shares) (in this section, a "0.25% interest") if such a person has been served with a restriction notice (as defined in the articles) after failure to provide the Company with information concerning interests in those shares required to be provided under the CA 2006.

Except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide, all dividends shall be apportioned and paid pro rata according to the amounts paid up on the share during any portion of the period in respect of which the dividend is paid, and dividends may be declared or paid in any currency.

The Board may, if authorised by an ordinary resolution of the Company, offer ordinary shareholders (excluding any member holding shares as treasury shares) the right to elect to receive ordinary shares by way of scrip dividend instead of cash in respect of the whole (or some part, to be determined by the Board) of any dividend specified by the ordinary resolution.

Any dividend unclaimed after a period of 12 years from the date when it was declared or became due for payment shall be forfeited and revert to the Company unless the Board decides otherwise.

The Board may decide on the way dividends are paid, including deciding on different ways of payment for different shareholders. If the Board has decided on different ways of payment, it may also give shareholders the option of choosing in which of these ways they would like to receive payment or it may specify that a particular way of payment will be used unless shareholders choose otherwise. If shareholders fail to provide the necessary details to enable payment of the dividend to them or if payment cannot be made using the details provided by the shareholder, the dividend will be treated as unclaimed.

The Company may stop sending cheques, warrants or similar financial instruments in payment of dividends by post in respect of any shares or may cease to employ any other means of payment, including payment by means of a relevant system, for dividends if either (i) at least two consecutive payments have remained uncashed or are returned undelivered or that means of payment has failed or (ii) one payment remains uncashed or is returned undelivered or that means of payment has failed and reasonable inquiries have failed to establish any new postal address or account of the holder. Subject to the provisions in the articles, the Company must recommence sending dividend cheques, warrants or similar financial instruments or employing that means of payment if the holder requests such recommencement in writing.

## **6.8 Variation of rights**

Subject to the CA 2006, rights attached to any class of shares may be varied with the written consent of the holders of not less than three-fourths in nominal value of the issued shares of that class (calculated excluding any shares held as treasury shares), or with the sanction of a special resolution passed at a separate general meeting of the holders of those shares. At every such separate general meeting (except an adjourned meeting) the quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of the class (calculated excluding any shares held as treasury shares).

The rights conferred upon the holders of any shares shall not, unless otherwise expressly provided in the rights attaching to those shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* with them or by the purchase or redemption by the Company of any of its own shares.

## **6.9 Transfer of shares**

Any shares in the Company may be held in uncertificated form and, subject to the articles, title to uncertificated shares may be transferred by means of a relevant system. Provisions of the articles do not apply to any uncertificated shares to the extent that such provisions are inconsistent with the holding of shares in uncertificated form, with the transfer of shares by means of a relevant system, with any provision of the legislation and rules relating to uncertificated shares or with the Company doing anything by means of a relevant system.

Subject to the articles, any member may transfer all or any of his certificated shares by an instrument of transfer in any usual form or in any other form which the Board may approve. The instrument of transfer must be signed by or on behalf of the transferor and (in the case of a partly-paid share) the transferee.

The transferor of a share is deemed to remain the holder until the transferee's name is entered in the register.

The Board can decline to register any transfer of any share which is not a fully paid share. The Board may also decline to register a transfer of a certificated share unless the instrument of transfer:-

- (i) is duly stamped or certified or otherwise shown to the satisfaction of the Board to be exempt from stamp duty and is accompanied by the relevant share certificate and such other evidence of the right to transfer as the Board may reasonably require;
- (ii) is in respect of only one class of share; and
- (iii) if to joint transferees, is in favour of not more than four such transferees.

Registration of a transfer of an uncertificated share may be refused in the circumstances set out in the uncertificated securities rules (as defined in the articles) and where, in the case of a transfer to joint holders, the number of joint holders to whom the uncertificated share is to be transferred exceeds four.

The Board may decline to register a transfer of any of the Company's certificated shares by a person with a 0.25% interest if such a person has been served with a restriction notice (as defined in the articles) after failure to provide the Company with information concerning interests in those shares required to be provided under the CA 2006, unless the transfer is shown to the Board to be pursuant to an arm's length sale (as defined in the articles).

## **6.10 Sub-division of share capital**

Any resolution authorising the Company to sub-divide any of its shares may determine that, as between the shares resulting from the sub-division, any of them may have a preference, advantage or deferred or other right or be subject to any restriction as compared with the others.

## **6.11 General meetings**

The Articles of Association rely on the provisions of the CA 2006 dealing with the calling of general meetings. Under the CA 2006, an annual general meeting must be called by notice of at least 21 clear days. The Company is a "traded company" for the purposes of the CA 2006 and as such is required to give at least 21 clear days' notice of any other general meeting unless a special resolution reducing the period to not less than 14 clear days has been passed at the immediately preceding annual general meeting or at a

general meeting held since that annual general meeting. Notice of a general meeting must be given in hard copy form, in electronic form, or by means of a website and must be sent to every member and every director. It must state the time and date and the place of the meeting and the general nature of the business to be dealt with at the meeting. As the Company is a traded company, the notice must also state the website address where information about the meeting can be found in advance of the meeting, the voting record time, the procedures for attending and voting at the meeting, details of any forms for appointing a proxy, procedures for voting in advance (if any are offered), and the right of members to ask questions at the meeting. In addition, a notice calling an annual general meeting must state that the meeting is an annual general meeting.

In the case of any general meeting, the Board may, notwithstanding the specification in the notice of the principal place (as defined in the articles) of the general meeting at which the chairman of the meeting shall preside, make arrangements in its absolute discretion for a simultaneous attendance and participation at other places by members and proxies entitled to attend the general meeting but excluded from the principal place for any reason. Such arrangements for simultaneous attendance at the meeting may include arrangements regarding the level of attendance at such other places provided that they shall operate so that any members and proxies excluded from attendance at the principal place are able to attend at one of the other places.

Each director of the Company shall be entitled to attend and speak at any general meeting. The chairman of the meeting may permit persons who are not members of the Company or otherwise entitled to exercise the right of members in relation to general meetings to attend and speak at a general meeting.

## **6.12 Directors**

### **(A) Number of directors**

The directors of the Company must not be less than two nor more than 20 in number.

### **(B) Directors' shareholding qualification**

A director shall not be required under the Articles of Association to hold any shares in the Company.

### **(C) Appointment of directors**

Directors may be appointed by the Standard Life Shareholders by ordinary resolution or by the Board.

The Board or any committee authorised by the Board may from time to time appoint one or more directors to hold any employment or executive office for such period and on such terms as they may determine and may also revoke or terminate any such appointment.

### **(D) Annual retirement of directors**

At every annual general meeting of the Company, any director of the Company who: (i) has been appointed by the Board since the last annual general meeting; (ii) held office at the time of the two preceding annual general meetings and who did not retire at either of them; or (iii) who has held office with the Company, other than employment or executive office, for a continuous period of nine years or more at the date of the general meeting; shall retire from office and may offer himself for re-appointment by the members.

(E) Removal of directors by special resolution

The Company may by special resolution remove any director before the expiration of his period of office.

(F) Vacation of office

The office of a director of the Company shall be vacated if:

- (i) he resigns or offers to resign and the Board resolve to accept such offer;
- (ii) he is removed by notice given by all of the other directors and all of the other directors are not less than three in number;
- (iii) he is or has been suffering from mental or physical ill health and the Board resolves that his office be vacated;
- (iv) he is absent without the permission of the Board from meetings of the Board (whether or not an alternate director appointed by him attends) for six consecutive months and the Board resolves that his office is vacated;
- (v) he becomes bankrupt or compounds with his creditors generally;
- (vi) he is prohibited by a law from being a director;
- (vii) he ceases to be a director by virtue of the CA 2006; or
- (viii) he is removed from office pursuant to the Company's articles.

If the office of a director is vacated for any reason, he must cease to be a member of any committee or sub-committee of the Board.

(ix) Alternate director

Any director may appoint any person to be his alternate and may at his discretion remove such an alternate director. If the alternate director is not already a director, the appointment, unless previously approved by the Board, shall have effect only upon and subject to being so approved.

(x) Proceedings of the Board

Subject to the provisions of the articles, the Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. The quorum necessary for the transaction of the business of the Board may be fixed by the Board and, unless so fixed at any other number, shall be two. A meeting of the Board at which a quorum is present shall be competent to exercise all the powers, authorities and discretions vested in or exercisable by the Board.

The Board may appoint a director to be the chairman or a deputy chairman and may at any time remove him from that office. Questions arising at any meeting of the Board shall be determined by a majority of votes. In the case of an equality of votes the chairman of the meeting shall have a second or casting vote.

All or any of the members of the Board may participate in a meeting of the Board by means of a conference telephone or any communication equipment which allows all persons participating in the meeting to speak to and hear each other. A person so participating shall be deemed to be present at the meeting and shall be entitled to vote and to be counted in the quorum.

The Board may delegate any of its powers, authorities and discretions (with power to sub-delegate) to any committee, consisting of such person or persons as it thinks fit, provided that the majority of persons on any committee or sub-committee must be directors. The meetings and proceedings of any committee consisting of two or more members shall be governed by the provisions contained in the articles for regulating the meetings and proceedings of the Board so far as the same are applicable and are not superseded by any regulations imposed by the Board.

(xi) Remuneration of directors

Each of the directors shall be paid a fee at such rate as may from time to time be determined by the Board, but the aggregate of all such fees so paid to the directors shall not exceed £1,000,000 per annum or such higher amount as may from time to time be decided by ordinary resolution of the Company. Any director who is appointed to any executive office shall be entitled to receive such remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board or any committee authorised by the Board may decide, either in addition to or in lieu of his remuneration as a director. In addition, any director who performs services which in the opinion of the Board or any committee authorised by the Board go beyond the ordinary duties of a director, may be paid such extra remuneration as the Board or any committee authorised by the Board may determine. Each director may be paid his reasonable travelling, hotel and incidental expenses of attending and returning from meetings of the Board, or committees of the Board or of the Company or any other meeting which as a director he is entitled to attend, and shall be paid all other costs and expenses properly and reasonably incurred by him in the conduct of the Company's business or in the discharge of his duties as a director. The Company may also fund a director's or former director's expenditure and that of a director or former director of any holding company of the Company for the purposes permitted under the CA 2006 and may do anything to enable a director or former director or a director or former director of any holding company of the Company to avoid incurring such expenditure as provided under the CA 2006.

(xii) Pensions and gratuities for directors

The Board or any committee authorised by the Board may exercise the powers of the Company to provide benefits either by the payment of gratuities or pensions or by insurance or in any other manner for any director or former director or his relations, dependants or persons connected to him, but no benefits (except those provided for by the articles) may be granted to or in respect of a director or former director who has not been employed by or held an executive office or place of profit under the Company or any of its subsidiary undertakings or their respective predecessors in business without the approval of an ordinary resolution of the Company.

(xiii) Directors' interests

The Board may, subject to the provisions of the articles, authorise any matter which would otherwise involve a director breaching his duty under the CA 2006 to avoid conflicts of

interest. Where the Board gives authority in relation to a conflict of interest or where any of the situations described in (i) to (v) below applies in relation to a director, the Board may (a) require the relevant director to be excluded from the receipt of information, the participation in discussion and/or the making of decisions related to the conflict of interest or situation; (b) impose upon the relevant director such other terms for the purpose of dealing with the conflict of interest or situation as it may determine; and (c) provide that the relevant director will not be obliged to disclose information obtained otherwise than through his position as a director of the Company and that is confidential to a third party or to use or apply the information in relation to the Company's affairs, where to do so would amount to a breach of that confidence. The Board may revoke or vary such authority at any time.

Subject to the provisions of the CA 2006, and provided he has declared the nature and extent of his interest to the Board as required by the CA 2006, a director may:

- (i) be party to, or otherwise interested in, any contract with the Company or in which the Company has a direct or indirect interest;
- (ii) hold any other office or place of profit with the Company (except that of auditor) in conjunction with his office of director for such period and upon such terms, including remuneration, as the Board may decide;
- (iii) act by himself or through a firm with which he is associated in a professional capacity for the Company or any other company in which the Company may be interested (otherwise than as auditor);
- (iv) be or become a director or other officer of, or employed by or a party to a transaction or arrangement with, or otherwise be interested in any holding company or subsidiary company of the Company or any other company in which the Company may be interested; and
- (v) be or become a director of any other company in which the Company does not have an interest and which cannot reasonably be regarded as giving rise to a conflict of interest at the time of his appointment as a director of that other company.

A director shall not, by reason of his office be liable to account to the Company or its members for any benefit realised by reason of having an interest permitted as described above or by reason of having a conflict of interest authorised by the Board and no contract shall be liable to be avoided on the grounds of a director having any such interest.

(xiv) Restrictions on voting

No director may vote on or be counted in the quorum in relation to any resolution of the Board concerning his own appointment, or the settlement or variation of the terms or the termination of his own appointment, as the holder of any office or place of profit with the Company or any other company in which the Company is interested save to the extent permitted specifically in the articles.

Subject to certain exceptions set out in the articles, no director may vote on, or be counted in a quorum in relation to, any resolution of the Board in respect of any contract in which he has an interest and, if he does so, his vote shall not be counted.

Subject to the CA 2006, the Company may by ordinary resolution suspend or relax to any extent the provisions relating to directors' interests or the restrictions on voting or ratify any transaction not duly authorised by reason of a contravention of such provisions.

(xiii) Borrowing and other powers

Subject to the articles and any directions given by the Company by special resolution, the business of the Company will be managed by the Board who may exercise all the powers of the Company, whether relating to the management of the business of the Company or not. In particular, the Board may exercise all the powers of the Company to borrow money, to guarantee, to indemnify, to mortgage or charge any of its undertaking, property, assets (present and future) and uncalled capital and to issue debentures and other securities and to give security for any debt, liability or obligation of the Company or of any third party. The Board must restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings so as to secure that, save with the previous sanction of an ordinary resolution, no money shall be borrowed if the aggregate principal amount outstanding of all borrowings (as defined in the articles) by the group (exclusive of borrowings within the group) then exceeds, or would as a result of such borrowing exceed, an amount equal to 2.5 times the adjusted capital and reserves (as defined in the articles).

(xiv) Indemnity of directors

To the extent permitted by the CA 2006, the Company may indemnify any director or former director of the Company or any associated company against any liability and may purchase and maintain for any director or former director of the Company or any associated company insurance against any liability.

## **7. MANDATORY BIDS, SQUEEZE-OUT AND SELL-OUT RULES**

Other than as provided by the City Code and Chapter 28 of the CA 2006, there are no rules or provisions relating to mandatory bids and/or squeeze-out and sell-out rules relating to Standard Life.

### ***Mandatory bid***

The City Code applies to Standard Life. Under Rule 9 of the City Code, if an acquisition of interests in shares were to increase the aggregate holding of the acquirer and its concert parties to interests in shares carrying 30% or more of the voting rights in Standard Life, the acquirer and, depending on circumstances, its concert parties would be required (except with the consent of the Panel) to make a cash offer for the outstanding shares in Standard Life at a price not less than the highest price paid for interests in shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by any acquisition of interests in shares by a person holding (together with its concert parties) shares carrying between 30% and 50% of the voting rights in Standard Life if the effect of such acquisition were to increase that person's percentage of the total voting rights in Standard Life.

### ***Squeeze out***

Under the CA 2006, if a "takeover offer" (as defined in section 974 of the CA 2006) is made for the shares and the offeror were to acquire, or unconditionally contract to acquire, not less than 90% in value of the

shares to which the offer relates and not less than 90% of the voting rights carried by the shares to which the offer relates, it could, within three months of the last day on which its takeover offer can be accepted, compulsorily acquire the remaining 10%. The offeror would do so by sending a notice to outstanding shareholders telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration for the outstanding shares to Standard Life, which would hold the consideration on trust for outstanding shareholders. The consideration offered to the shareholders whose shares are compulsorily acquired under this procedure must, in general, be the same as the consideration that was available under the takeover offer.

### ***Sell out***

The CA 2006 also gives minority shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer relates to all the shares and, at any time before the end of the period within which the offer can be accepted, the offeror holds or has agreed to acquire not less than 90% in value of the shares and not less than 90% of the voting rights carried by the shares, any holder of shares to which the offer relates who has not accepted the offer could, by a written communication to the offeror, require it to acquire those shares. The offeror is required to give any shareholder notice of his/her right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period or, if later, three months from the date on which notice is served on shareholders notifying them of their sell-out rights. If a shareholder exercises his/her sell-out rights, the offeror is entitled and bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

## **8. RELATED PARTY TRANSACTIONS**

Save as set out in the information incorporated by reference referred to below, there were no material related party transactions entered into by Standard Life or any member of the Standard Life Group during the period from 1 January 2014 up to the date of this Prospectus:

- (A) Notes 48 and S of the notes to the audited consolidated financial statements which can be found at pages 208 and 234 respectively of the Standard Life 2016 Annual Report, which are incorporated by reference into this Prospectus as set out in paragraph 19 of this Part XVI (*Additional information*) and available for inspection as set out in paragraph 18 of this Part XVI (*Additional information*);
- (B) Notes 48 and Y of the notes to the audited consolidated financial statements which can be found at pages 220 and 258 respectively of the Standard Life 2015 Annual Report, which are incorporated by reference into this Prospectus as set out in paragraph 19 of this Part XVI (*Additional information*) and available for inspection as set out in paragraph 18 of this Part XVI (*Additional information*); and
- (C) Notes 49 and X of the notes to the audited consolidated financial statements which can be found at pages 220 and 282 respectively of the Standard Life 2014 Annual Report, which are incorporated by reference into this Prospectus as set out in paragraph 19 of this Part XVI (*Additional information*) and available for inspection as set out in paragraph 18 of this Part XVI (*Additional information*).

## 9. MATERIAL CONTRACTS

### 9.1 The Standard Life Group's material contracts

No contracts have been entered into by the Standard Life Group (other than contracts entered into in the ordinary course of business): (i) within the two years immediately preceding the date of this Prospectus which are, or may be, material to the Standard Life Group; or (ii) which contain provisions under which any member of the Standard Life Group has an obligation or entitlement which is, or may be, material to the Standard Life Group as at the Latest Practicable Date, save as disclosed below.

#### *Cooperation Agreement*

Standard Life and Aberdeen have entered into a cooperation agreement dated 6 March 2017 with respect to conduct of the Merger. Under the terms of the Cooperation Agreement, Standard Life and Aberdeen have agreed, among other things, that (in summary):

- Standard Life and Aberdeen will co-operate with each other in order to assist in obtaining clearance from competition and other regulatory bodies in order to satisfy the Conditions relating to such clearances;
- Standard Life and Aberdeen will provide each other with certain information and assistance in the preparation of the Scheme Document, the Circular and the Prospectus;
- Standard Life will convene the Standard Life General Meeting so that it is held on the same date as the Aberdeen Court Meeting;
- Standard Life will be subject to certain customary restrictions on the conduct of its business during the period prior to completion of the Merger, which prohibit, among other things: (a) the payment by Standard Life of dividends (other than in the ordinary course or by reference to a record date after the Effective Date); (b) the allotment of further shares (or rights or options in respect of shares) (other than pursuant to its existing share incentive schemes or in order to settle options or awards vesting under its existing incentive schemes); or (c) amendment to its constitutional documents in any manner that would have an adverse impact on the value of, or rights attaching to, the New Shares;
- Standard Life and Aberdeen will co-operate to write to participants in the Aberdeen Share Schemes and to inform them of the impact of the Scheme on their awards; and
- Standard Life and Aberdeen intend to implement the Merger by way of the Scheme, subject to the ability of Standard Life with the consent of the Panel and Aberdeen or, in certain circumstances, without the consent of Aberdeen, to proceed by way of an Offer in the circumstances described in paragraph 26 below.

#### *HDFC AMC Joint Venture*

Standard Life Investments Limited (“SLI”) and Housing Development Finance Corporation Limited (“HDFC”) are party to a shareholders’ agreement dated 10 June 2003 (the “HDFC AMC Shareholders’ Agreement”) with respect to the creation and running of HDFC Asset Management Company Limited (“HDFC AMC”). HDFC AMC provides discretionary or non-discretionary investments and advisory management services rendered in India.

HDFC holds 60.1% of the equity share capital of HDFC AMC and SLI holds the remaining 39.9%.

The HDFC AMC Shareholders' Agreement includes certain termination and compulsory acquisition rights, including upon a change of control of HDFC or SLI. Upon a change in the ownership structure of SLI that results in the acquisition by a third party, either directly or indirectly, of more than 20% of the issued, subscribed and paid-up capital of SLI, HDFC will have 90 days from the date upon which SLI notifies it in writing of the occurrence of such a change to purchase SLI's shares in HDFC AMC at a mutually agreed price.

The HDFC AMC Shareholders' Agreement also sets out certain matters relating to the governance of HDFC AMC, deadlock matters, restrictions on transfers of shares in HDFC AMC, and certain restrictive covenants.

#### *HDFC Standard Life Joint Venture*

Standard Life (Mauritius Holdings) 2006 Limited ("**SLMH**") and Housing Development Finance Corporation Limited ("**HDFC**") are party to a shareholders' agreement dated 15 January 2002 (and as amended on 16 November 2015) (the "**HDFC Standard Life Shareholders' Agreement**") in relation to HDFC Standard Life Insurance Company Limited ("**HDFC Standard Life**"). HDFC Standard Life provides a range of life insurance and savings products to the general public in India.

SLMH holds 34.94% of the equity share capital of HDFC Standard Life and HDFC holds 61.53%. The remaining 3.53% is held by third parties, including HDFC Standard Life's employee share scheme trusts.

The HDFC Standard Life Shareholders' Agreement includes certain termination rights, including upon a change of control of SLMH or HDFC. Upon a change of control of SLMH, HDFC has the right to terminate the joint venture and to purchase, or nominate a third party to purchase, SLMH's shares in HDFC Standard Life. Among other things, a change of control is defined by reference to the holding of shares aggregating to more than 50% of the paid-up share capital of, or the possession of more than 50% of the voting power in or in relation to the relevant body corporate.

The HDFC Standard Life Shareholders' Agreement also sets out certain matters relating to the governance of HDFC Standard Life, deadlock matters, restrictions on transfers of shares in HDFC Standard Life, and certain restrictive covenants.

#### *HASL Joint Venture*

Tianjin TEDA International Holding (Group) Co., Limited ("**TEDA**") and Standard Life are party to a joint venture agreement dated 12 October 2009 (and as amended) ("**HASL JV Agreement**") in relation to Heng An Standard Life Insurance Company Limited ("**HASL**"). HASL engages in insurance business in Tianjin, China, and any other areas agreed between the parties.

Standard Life and TEDA each have an equity holding of 50% of HASL.

The HASL JV Agreement is subject to certain termination rights including upon a change of the ultimate control of TEDA or Standard Life. Upon a change of control of Standard Life, TEDA has the right to terminate the joint venture and to purchase, or nominate a third party to purchase, Standard Life's shares in HASL. The price would be as mutually agreed between the parties or, in default of agreement, a fair and reasonable price as determined by an independent valuer. Control is defined by reference to the ownership of over 50% of the voting stock, registered capital or other interest of the relevant person, whether through the ownership of voting securities, contract or otherwise.

The HASL JV Agreement also sets out certain matters relating to the governance of HASL, deadlock matters, restrictions on transfers of shares in HASL, and certain restrictive covenants.

### *Subordinated Debt*

Standard Life is the issuer of the £500,000,000 5.5% fixed rate subordinated notes due 2042 (the “**2012 Notes**”). The 2012 Notes were issued under Standard Life’s EUR 3,000,000,000 Euro Medium Term Note Programme on 4 December 2012 and have a maturity date of 4 December 2042. Standard Life has the option to redeem the 2012 Notes on 4 December 2022 or on any interest payment date thereafter. The 2012 Notes bear interest at the rate of 5.5% per annum up to 4 December 2022, and thereafter at a rate equal to the aggregate of 485 basis points and the 5 year generic bid yield for UK Government Bonds, as determined by the 2012 Notes’ calculation agent on the applicable date. Interest is payable semi-annually in arrear. Payments under the 2012 Notes are subject to the satisfaction of certain conditions, including as to the solvency and regulatory capital position of Standard Life. Payments of interest and principal on the 2012 Notes will be deferred if such conditions are not satisfied.

Standard Life is the issuer of the £500,000,000 6.75% fixed rate perpetual reset subordinated guaranteed bonds (the “**2002 Bonds**”). The 2002 Bonds were issued on 12 July 2002 and are perpetual and, as such, have no fixed date for redemption. SLAL has provided a subordinated guarantee of the 2002 Bonds. Standard Life has the option to redeem the 2002 Bonds on 12 July 2027 or on any fifth anniversary thereafter. The 2002 Bonds bear interest at the rate of 6.75% per annum up to 12 July 2027, and thereafter at a rate equal to the aggregate of 285 basis points and the gross redemption yield of the relevant UK government benchmark gilt as determined by the 2002 Bonds’ agent bank. Interest is payable annually in arrear. Payments under the 2002 Bonds are subject to the satisfaction of certain conditions, including as to the solvency of Standard Life. Payments of interest and principal on the 2002 Bonds will be deferred if such conditions are not satisfied.

Standard Life is the issuer of the £300,000,000 6.546% fixed rate mutual assurance capital securities (the “**MACS**”). The MACS were issued on 4 November 2004 and are perpetual securities and, as such, have no fixed date for redemption. SLAL has provided a subordinated guarantee of the MACS. Standard Life has the option to redeem the MACS on 6 January 2020 or on any interest payment date thereafter. The MACS bear interest at the rate of 6.546% per annum up to 6 January 2020, and thereafter at a rate equal to the aggregate of 270 basis points and the gross redemption yield of the relevant UK government benchmark gilt as determined by the MACS’ agent bank. Interest is payable annually in arrear. Payments under the MACS are subject to the satisfaction of certain conditions, including as to the solvency of Standard Life. Payments of interest and principal on the MACS will be deferred if such conditions are not satisfied. The MACS also include an alternative coupon satisfaction mechanism whereby deferred interest payments may, in circumstances, only be satisfied by the issuance and sale of ordinary shares in Standard Life.

### *Credit Facility*

On 22 May 2015, Standard Life entered into a £400 million revolving credit facility with the banks and financial institutions named therein as lenders. In April 2017, Standard Life exercised its option to extend the maturity date of the facility to 22 May 2022.

## **9.2 The Aberdeen Group’s material contracts**

No contracts have been entered into by the Aberdeen Group (other than contracts entered into in the ordinary course of business): (i) within the two years immediately preceding the date of this Prospectus which are, or may be, material to the Aberdeen Group; or (ii) which contain provisions under which any member of the Aberdeen Group has an obligation or entitlement which is, or may be, material to the Aberdeen Group as at the Latest Practicable Date, save for the Cooperation Agreement as disclosed above and as disclosed below.

### *Investment management agreements between Aberdeen and Lloyds*

Aberdeen and Lloyds have entered into investment management agreements (the “**Investment Management Agreements**”) and an investment services agreement (the “**Investment Services Agreement**”), pursuant to which certain Lloyds insurance business and wealth management companies (the “**Customers**”) appointed Scottish Widows Investment Partnership Limited (re-named Aberdeen Asset Investments Limited (“**Aberdeen Investments**”)) and Lloyds TSB Investments Limited (re-named, Aberdeen Investment Solutions Limited (“**Aberdeen Investment Solutions**”)) respectively to manage the funds of assets of the Customers in accordance with the relevant investment objectives and policy and to provide certain investment advisory and related services. Aberdeen Investments and Aberdeen Investment Solutions are entitled to receive from the Customers a fee, calculated and payable monthly in arrears at varied rates depending on fund type and asset class, based on the asset value of the funds under management. No performance fees are payable to Aberdeen Investments under the Investment Management Agreements. The Investment Management Agreements and the Investment Services Agreement may be terminated by the relevant Customer on twelve months’ notice not to expire before the expiry of the eight year initial term and, in the case of the Investment Management Agreements, by Aberdeen Investments giving to the Customer not less than twelve months’ notice in writing.

The Investment Management Agreements may also be terminated by the relevant Customer immediately without penalty by notice in writing if, inter alia: (i) Aberdeen Investments is in material breach of the Investment Management Agreements, or the operational service agreement (pursuant to which Aberdeen Investments is appointed to provide certain operational services) which is either irremediable or not remedied within 30 days of a notification thereof from the Customer, provided that the breach could reasonably be expected to have a material adverse effect on the value of the funds or on Aberdeen Investment’s ability to perform its obligations or on the interests of the Customer’s policyholders; or (ii) Aberdeen Investments ceases to have the permissions under Part 4A of FSMA in respect of the services provided under the Investment Management Agreements; or (iii) an order is made for the winding-up or administration of Aberdeen Investments or a receiver or administrative receiver is appointed over the whole of its undertaking; or (iv) there is a change of control of Aberdeen Investments, where the new controller is in material competition in the UK with Lloyds.

The Investment Services Agreement may also be terminated by the relevant Customer by notice if, inter alia: (i) Aberdeen Investment Solutions commits a material breach which is incapable of remedy, causes the Customer when acting as trustee to breach its trustee or fiduciary duties, or is capable of being cured and Aberdeen Investment Solutions does not take reasonable steps to commence to cure such breach within 14 days and/or does not cure such breach within 30 days of a notification thereof from the Customer; (ii) Aberdeen Investment Solutions commits persistent or a series of minor breaches which in aggregate are material; (iii) there is material underperformance against a relevant benchmark on a rolling 12 month or 36 month period, subject (depending on the scale of the underperformance) to a 12 month cure period; (iv) Aberdeen Investment Solutions in ceases or becomes unable to pay its debts or otherwise becomes insolvent; or (v) there is a change of control of Aberdeen Investment Solutions in certain circumstances, including where the new controller is in material competition in the UK with Lloyds.

The Customer may also withdraw assets from management by Aberdeen Investments under the Investment Management Agreements in certain circumstances without penalty if, inter alia: (i) in the reasonable opinion of the Customer after consultation with Aberdeen Investments, Aberdeen Investments does not have sufficient expertise to manage the relevant fund; or (ii) a fund or strategy is closed to new investment and Aberdeen Investments is unable to offer a similar fund or strategy; or (iii) it is necessary for the Customer to comply with a direction of a court or regulator; or (iv) there is material underperformance against a relevant benchmark on a rolling 12 month or 36 month period, subject (depending on the scale of the underperformance) to a 12 month cure period.

Under the Investment Management Agreements, if the Customer wishes to terminate or withdraw assets from management prior to the expiry of the initial eight year term, other than in the permitted circumstances summarised above, the Customer is required to pay to Aberdeen Investments to compensate for the loss of profitability over the remaining period of the initial eight-year term plus certain one-off costs. Under the Investment Management Agreements and the Investment Services Agreement, Aberdeen Investments and Aberdeen Investment Solutions accept responsibility for loss to the Customer to extent such loss is caused as a result of, respectively, Aberdeen Investments' negligence, wilful default, fraud or material breach of the Investment Management Agreements or applicable regulations or Aberdeen Investment Solutions' negligence, wilful default, fraud or breach of the Investment Services Agreement or applicable law.

Total revenue associated with the Lloyds contractual arrangements amounted to £137 million for the full year to 30 September 2016.

Please also refer to paragraph 9 of Part VI (*Information about the Merger*) for a description of the agreement with Lloyds with respect to the agreements between Lloyds and members of the Aberdeen Group.

#### *Business Alliance Agreement*

MUTB and Aberdeen entered into a business alliance agreement (the "**Business Alliance Agreement**") dated 2 October 2008 (and amended on 14 November 2012 and 15 August 2016) pursuant to which, among other things MUTB agreed to promote Aberdeen's asset and investment management, services and products to, or for the benefit of, Japanese institutional investors subject to prescribed capacity limits which themselves are subject to review every six months. MUTB may set the rate of fees charged to investors without recourse to or consultation with Aberdeen. Aberdeen makes a number of warranties and representations to MUTB in the Business Alliance Agreement. With respect to commingled accounts, Aberdeen is entitled to an amount calculated by multiplying the AuM by the relevant rates prescribed in the Business Alliance Agreement. With respect to segregated accounts, Aberdeen is entitled to 60% of the amount calculated by multiplying the AuM for such mandate by a rate to be determined by the investor and MUTB after discussion with Aberdeen. If the Business Alliance Agreement is terminated by MUTB other than on six months' notice to Aberdeen, Aberdeen and its affiliates may be restricted from entering into a similar arrangement in respect of Japanese institutional investors with a competitor of MUTB for a period of two years from the end of the relevant notice period.

The Business Alliance Agreement contains change of control provisions allowing termination of the Business Alliance Agreement on one month's notice where there is a change of control of either party. The Merger constitutes such a change of control. The Business Alliance Agreement also contains certain provisions in relation to Aberdeen and its affiliates, in respect of: (i) the provision of discretionary investment management services and/ or investment advisory services to Japanese institutional investors; (ii) the provision of services to any competitor or affiliate of MUTB in Japan or to any competitor or affiliate of MUTB outside Japan in respect of Japanese institutional investors; and (iii) certain marketing and sales activities in Japan, in each case by Aberdeen or its affiliates.

#### *Capital Alliance Agreement*

A capital alliance agreement was entered into on 2 October 2008 between Aberdeen and MUTB (the "**Capital Alliance Agreement**") pursuant to which MUTB agreed amongst other things to purchase such number of shares in Aberdeen as would equal 9.9% of Aberdeen's issued share capital at a price not exceeding £1.40 per share, subject to a lock in period and a number of other restrictions, all of which have expired. Under the Capital Alliance Agreement, MUTB has the right to appoint a director to the Aberdeen Board whilst its shareholding represents 15% or more of Aberdeen's issued ordinary share capital.

## Subscription agreement between Aberdeen and Mitsubishi UFJ Trust and Banking Corporation

The Subscription Agreement was entered into on 15 June 2015 between Aberdeen and MUTB, pursuant to which Aberdeen agreed to issue the Aberdeen Preference Shares to MUTB (the “**Issuance**”) for cash consideration of £100 million. The Issuance was approved by Aberdeen’s shareholders on 6 July 2015 and completed on 7 July 2015. The parties have agreed that the arrangements currently in place in respect of the Aberdeen Preference Shares, as provided for in the Subscription Agreement, shall continue following completion of the Merger.

## 10. LITIGATION

### 10.1 The Standard Life Group’s litigation

There are no, nor have there been any, governmental, legal or arbitration proceedings (nor is Standard Life aware of any such proceedings being pending or threatened) which may have, or have had during the last 12 months prior to the date of this Prospectus, a significant effect on the Standard Life Group’s financial position or profitability.

### 10.2 The Aberdeen Group’s litigation

There are no, nor have there been any, governmental, legal or arbitration proceedings (nor is Standard Life aware of any such proceedings being pending or threatened) which may have, or have had during the last 12 months prior to the date of this Prospectus, a significant effect on the Aberdeen Group’s financial position or profitability.

## 11. SIGNIFICANT SUBSIDIARIES AND OTHER SIGNIFICANT HOLDINGS

Standard Life is the parent company of the Standard Life Group. Its significant subsidiaries are listed below by country of incorporation.

Company name	% interest held	Country of incorporation or residence	Class of Share held
1825 Financial Planning Limited	100%	United Kingdom	Ordinary Shares
Focus Solutions Group Limited	100%	United Kingdom	Ordinary Shares
Ignis Asset Management Limited	100%	United Kingdom	Ordinary Shares
Ignis Investment Services Limited	100%	United Kingdom	Ordinary Shares
SLTM Limited	100%	United Kingdom	Ordinary Shares
Standard Life Assurance Limited	100%	United Kingdom	Ordinary B Shares
Standard Life Client Management Limited	100%	United Kingdom	Ordinary Shares
Standard Life Employee Services Limited	100%	United Kingdom	Ordinary Shares
Standard Life Finance Limited	100%	United Kingdom	Ordinary Shares
Standard Life Investments Global Absolute Return Strategies Fund	78%	United Kingdom	Unit Trust
Standard Life Investments (Corporate Funds) Limited	100%	United Kingdom	Ordinary Shares
Standard Life Investments (Holdings) Limited	100%	United Kingdom	Ordinary Shares
Standard Life Investments (Mutual Funds) Limited	100%	United Kingdom	Ordinary Shares
Standard Life Investments (Private Capital) Limited	100%	United Kingdom	Ordinary Shares
Standard Life Investments Limited	100%	United Kingdom	Ordinary shares
Standard Life Oversea Holdings Limited	100%	United Kingdom	Ordinary Shares
Standard Life Pension Funds Limited	100%	United Kingdom	N/A <sup>27</sup>
Standard Life Savings Limited	100%	United Kingdom	Ordinary Shares
Standard Life Wealth Limited	100%	United Kingdom	Ordinary Shares
Vebnet (Holdings) Limited	100%	United Kingdom	Ordinary Shares
Standard Life (Asia) Limited	100%	Hong Kong	Ordinary Shares
Standard Life International Designated Activity Company	100%	Ireland	Ordinary Shares
Standard Life (Mauritius Holdings) 2006 Limited	100%	Mauritius	Ordinary Shares

<sup>27</sup> Standard Life Pension Funds Limited is limited by guarantee and does not have any shares in issue.

Standard Life Group significant holdings in associates (other than investment funds) and joint ventures are listed below by country of incorporation.

Company name	% interest held	Country of incorporation or residence	Class of Share held
Heng An Standard Life Insurance Company Limited	50%	China	Equity Shares
HDFC Asset Management Company Limited	40%	India	Ordinary Shares
HDFC Standard Life Insurance Company Limited	35%	India	Equity Shares

The above significant subsidiaries, associates (other than investment funds) and joint ventures are all operating entities or holding companies providing fund management, insurance, advisory or ancillary services or services in connection therewith. The exception to this is Standard Life Investments Global Absolute Return Strategies Fund, which is a unit trust.

## 12. WORKING CAPITAL

In the opinion of Standard Life, the working capital available to the Standard Life Group is sufficient for its present requirements, that is for at least the next 12 months following the date of this Prospectus.

In the opinion of Standard Life, the working capital available to the Combined Group is sufficient for its present requirements, that is for at least the next 12 months following the date of this Prospectus.

## 13. NO SIGNIFICANT CHANGE

There has been no significant change in the financial or trading position of the Standard Life Group since 31 December 2016, the date to which Standard Life's last published audited financial statements were prepared.

There has been no significant change in the financial or trading position of the Aberdeen Group since 31 March 2017, the date to which Aberdeen's last published unaudited interim financial statements were prepared.

## 14. SYNERGY INFORMATION

Paragraph 6 of Part VI (*Information about the Merger*) contains statements of estimated cost savings and synergies arising from the Merger (together, the "**Quantified Financial Benefits Statement**"). A copy of the Quantified Financial Benefits Statement is set out below:

*"The Standard Life Directors expect pre-tax cost synergies of approximately £200 million per annum. It is expected that the full run-rate synergies will be achieved three years after completion of the Merger.*

*The constituent elements of the quantified cost synergies, which are expected to originate from the cost bases of both Standard Life and Aberdeen include:*

- *Efficiencies from simplifying and harmonising platforms (approximately 31% of the identified synergies). Savings are envisaged from consolidating the operating, trading and other platforms used by both organisations as well as through a reduction in the number of third party service providers.*
- *Eliminating overlap in distribution (approximately 16% of the identified synergies). Savings are expected in Standard Life's and Aberdeen's complementary distribution networks by consolidating operations where Standard Life and Aberdeen both have a presence in the same location.*

- *Rationalisation of central functions across the Combined Group (approximately 12% of the identified synergies). It is anticipated that central functions will be merged and Standard Life Directors believe that the scalability of these will allow for substantial savings.*
- *Further savings will come from rationalising the property portfolio and related property management fees, reduced travel costs and in legal, professional and consultancy fees as well as other sources such as removing areas of duplication in investment management capability while retaining best of both franchises and talent.*

*It is envisaged that the realisation of the quantified cost synergies will result in one-off integration cash costs of approximately £320 million in aggregate.*

*In addition to these quantified cost synergies, the Standard Life Directors believe that significant further value can be created through the Merger, including enhanced value opportunities through complementary investment and distribution capabilities and limited client overlap as well as capital synergies in time through legal entity simplification and moving towards a single combined ICAAP to cover the merged asset management businesses.*

*Based on the analysis to date and aside from the one-off integration cash costs referred to above, the Standard Life Directors do not expect material dis-synergies to arise in connection with the Merger.*

*The identified synergies will accrue as a direct result of the Merger and would not be achieved on a standalone basis. Further information on the bases of belief supporting the Quantified Financial Benefits Statement, including the principal assumptions and sources of information, is set out below.”*

## **Bases of belief**

Following commencement of discussions regarding the Merger and prior to the Announcement, a synergy development team was established at Standard Life to evaluate and assess the potential synergies available if the Merger were to be completed and undertake an initial planning exercise. The Standard Life team worked in conjunction with the team at Aberdeen on development of the cost synergy plan and identifying areas of potential savings prior to the Announcement.

Following the Announcement, an IMO was formed with senior personnel from both Standard Life and Aberdeen with direct experience of integrating asset management businesses. The IMO is in the process of developing an integration blueprint that will set out the process for bringing the two organisations together to maximise the benefits of the Merger. The Quantified Financial Benefits Statement is based on an interim assessment of the cost synergies available at the date of this Prospectus. The integration blueprint will continue to be developed and cost savings estimates further refined in the period to completion of the Merger. The IMO worked together with senior subject matter experts in operations, investments, distribution and other areas within the business to identify integration initiatives and estimate the timing and quantum of cost savings available.

In preparing the Quantified Financial Benefits Statement, both Standard Life and Aberdeen have shared certain operating and financial information to facilitate a detailed analysis in support of evaluating the potential synergies available from the Merger.

In arriving at the Quantified Financial Benefits Statements, the Standard Life Directors have assumed:

- no material change in macroeconomic, political, legal or regulatory conditions in the markets and regions in which Standard Life and Aberdeen operate;

- no significant impact on the underlying operations or assets under management of either business from the Merger;
- no material change in foreign exchange rates; and
- no material divestments from either the Standard Life or the Aberdeen existing businesses.

The baselines used for the quantified cost synergies were:

- For Standard Life: full year operating expenses for the financial year ended 31 December 2016.
- For Aberdeen: forecast operating expenses for the financial year ending 30 September 2017.
- An exchange rate of US\$1.3 to Pound Sterling.

## **Reports**

As required by Rule 28.1(a) of the City Code, PwC, as reporting accountants to Standard Life, and Goldman Sachs International, as lead financial adviser to Standard Life, provided the reports required under that rule at the time of the Announcement.

## **Notes**

These statements are not intended as a profit forecast and should not be interpreted as such. These statements of estimated cost savings and synergies relate to future actions and circumstances that, by their nature, involve risks, uncertainties and contingencies and which may in some circumstances be subject to consultation with employees or their representatives. As a result, the cost savings and synergies referred to may not be achieved, or may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated. Neither these statements nor any other statement in this Prospectus should be construed as a profit forecast or interpreted to mean that the Combined Group's earnings in the first full year following implementation of the Merger, or in any subsequent period, would necessarily match or be greater than or be less than those of Standard Life or Aberdeen for the relevant preceding financial period or any other period. Due to the scale of the Combined Group, there may be additional changes to the Combined Group's operations. As a result, and given that the changes relate to the future, the resulting cost savings may be materially greater or less than those estimated.

## **15. EXPENSES**

There are no net proceeds receivable by Standard Life for the issue of the New Shares. The total costs and expenses relating to the issue of this Prospectus, the Circular and to the negotiation, preparation and implementation of the Merger payable by Standard Life are estimated to be approximately £60,800,000 (including regulatory fees, the listing fees, professional fees and expenses, the costs of printing and distribution of documents and UK stamp duty, but excluding VAT).

## **16. CONSENTS**

Goldman Sachs International, who has acted as sponsor and lead financial adviser and whose registered address is at Peterborough Court, 133 Fleet Street, London EC4A 2BB, has given and has not withdrawn its consent to the inclusion in this Prospectus of references to its name in the form and context in which it appears.

Fenchurch, who has acted as financial adviser and whose registered address is at Tower 42, 25 Old Broad Street, London EC2N 1HQ, has given and has not withdrawn its written consent to the inclusion in this Prospectus of references to its name in the form and context in which it appears.

PwC is a member firm of the Institute of Chartered Accountants in England and Wales, who has acted as auditor and reporting accountant to Standard Life and whose address, as reporting accountant is at 1 Embankment Place, London, United Kingdom WC2N 6RH, and as auditor is at Atria One, 144 Morrison Street, Edinburgh, EH3 8EX, has given and has not withdrawn its written consent to the inclusion of its accountant's report on the unaudited *pro forma* financial information of the Combined Group set out in Part B of Part XII (*Unaudited pro forma financial information*) in this Prospectus in the form and context in which it appears. It has authorised the contents of its report for the purposes of rule 5.5.3(2)(f) of the Prospectus Rules.

No adviser has an interest in the Merger that is material.

## **17. SOURCES AND BASES**

The aggregate value of the Consideration of £3,790 million is calculated by multiplying the number of Standard Life Shares to be issued under the terms of the Merger (being 999,848,295) by the price per Standard Life Share of 379.1 pence (being the Closing Price on the Latest Practicable Date).

The percentage of the ordinary share capital of Standard Life that will be owned by former Aberdeen Shareholders of 33.3% is calculated by dividing the number of the New Shares to be issued (being 999,848,295) by the number of Standard Life Shares immediately following Admission and multiplying the resulting sum by 100 to produce a percentage.

The fully diluted ordinary share capital of Aberdeen of 1,320,803,560 is calculated on the basis of:

- (A) Aberdeen's issued share capital as at the Latest Practicable Date of 1,285,646,908 Aberdeen Shares (excluding 32,267,532 Aberdeen Shares held by Aberdeen's employee benefit trust); and
- (B) 35,156,652 Aberdeen Shares that may be issued on or after the date of this Prospectus on the exercise of options or vesting of awards under the Aberdeen Share Schemes.

There will be a number of factors affecting how many Aberdeen Shares will be issued on or after the date of this Prospectus. For example, in connection with the Merger, certain options and awards under the Aberdeen Share Schemes will be rolled forward into an option or award over Standard Life Shares. Options or awards may not vest or become exercisable in certain circumstances (for example, if the holder ceases employment as a "bad leaver"). Therefore, the fully diluted ordinary share capital of Aberdeen may differ from the amount stated in this Prospectus.

The market capitalisation of Standard Life of £7.5 billion, as at the Latest Practicable Date, is calculated by multiplying the number of Existing Standard Life Shares by the price per Standard Life Share of 5 May 2017 (being the Closing Price on the Latest Practicable Date).

The diluted share capital of Standard Life immediately following Admission of 3,006,959,648 is calculated as the sum of:

- (A) the total number of Standard Life Shares in issue as at close of business on the Latest Practicable Date (being 1,979,413,496);
- (B) the Standard Life Group's estimate of the likely vesting of the 2015, 2016 and 2017 LTIPs based on current budgeted performance, in addition to performance awards issued in respect of the Group's integration plans. The figure is adjusted to remove shares held by

Standard Life Employee Share Trust. The Standard Life Group's interpretation of option dilution includes shares which may be awarded as part of the Standard Life Group and SLI LTIP, STIP and Sharesave plan; and

- (C) the total number of New Shares (being 999,848,295) being issued as part of the Consideration for the Merger.

On the Latest Practicable Date, Standard Life held no Standard Life Shares in treasury.

The calculation in this paragraph 17 does not take into account the issue of Standard Life Shares between the Latest Practicable Date and Admission. During this period, approximately 139,500 Standard Life Shares will be issued as part of the Standard Life Share Plans and it is expected that approximately 70,000<sup>28</sup> Standard Life Shares will be issued to satisfy entitlements under the Standard Life Sharesave Plans.

The total number of New Shares is calculated by multiplying the fully diluted share capital of Aberdeen by the 0.757 of a New Share to be issued per Aberdeen Share. Please note that, as there are a number of factors affecting how many Aberdeen Shares will be issued on or after the date of this Prospectus, the actual number of New Shares may differ from the total in this Prospectus.

Unless otherwise stated, all prices quoted for Standard Life Shares and Aberdeen Shares have been derived from the daily Official List of the LSE and represent closing middle market prices on the relevant date.

The premium calculations to the price per Aberdeen Share have been calculated by reference to the Closing Prices of 379.1 pence per Standard Life Share and of 294.9 pence per Aberdeen Share, each as on 5 May 2017.

The timing expectations set out in this Prospectus assume that the Merger would be completed by autumn 2017.

This Prospectus contains certain financial information and measures which are not calculated in accordance with IFRS.

Certain figures included in this Prospectus have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

## **18. DOCUMENTS ON DISPLAY**

Copies of the following documents are available for inspection during normal business hours on any Business Day for a period beginning on the date of this Prospectus and ending on the Effective Date at Standard Life's registered office, being Standard Life House, 30 Lothian Road, Edinburgh, EH1 2DH, Scotland:

- the Standard Life Articles of Association;
- this Prospectus;
- the Circular;
- the Scheme Document;
- the Announcement;
- the Standard Life 2014 Annual Report, the Standard Life 2015 Annual Report and the Standard Life 2016 Annual Report;

<sup>28</sup> This figure is an estimate based on the number of shares issued under the Standard Life Sharesave Plans during the period from 2 May 2016 to 31 July 2016.

- the Aberdeen 2014 Annual Report, the Aberdeen 2015 Annual Report, the Aberdeen 2016 Annual Report, the Aberdeen 2016 Interim Results and the Aberdeen 2017 Interim Results;
- the reports by PwC set out in Part XII (*Unaudited pro forma financial information*); and
- the consent letters referred to in “Consents” in paragraph 16 of Part XVI (*Additional Information*).

For the purposes of the Prospectus Rules, this Prospectus will be published in electronic form and made available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, at [www.standardlife.com](http://www.standardlife.com).

## 19. INFORMATION INCORPORATED BY REFERENCE

The table below sets out the documents of which certain parts are incorporated by reference into, and form part of, this Prospectus, and only the parts of the documents identified in the table below are incorporated into, and form part of, this Prospectus. The parts of these documents which are not incorporated by reference are either not relevant for investors or are covered elsewhere in this Prospectus. To the extent that any information incorporated by reference itself incorporates any information by reference, either expressly or impliedly, such information will not form part of this Prospectus for the purposes of the Prospectus Rules, except where such information is stated within this Prospectus as specifically being incorporated by reference or where the document is specifically defined as including such information.

Any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein (or in a later document which is incorporated by reference herein) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

Except as set forth above, no other portion of these documents is incorporated by reference into this Prospectus.

These documents incorporated by reference are available for inspection in accordance with paragraph 18 of this Part.

### Information incorporated by reference from the Standard Life 2016 Annual Report

The following pages are incorporated by reference from the Standard Life 2016 Annual Report.

Information	Pages
Message from Chairman	4 - 5
Chief Executive’s overview	6 - 7
Our business model and strategic objectives	8 - 19
Chief Financial Officer’s overview	20 - 25
Standard Life Investments	26 - 29
Pensions and Savings	30 - 33
India and China	34 - 35
Risk management	36 - 41
Directors’ Remuneration and Shareholding Requirements	80 - 102
Independent auditors’ report on the Group financial statements	106 - 112
Consolidated income statement	113
Consolidated statement of comprehensive income	114
Pro forma reconciliation of consolidated operating profit for the year	115
Consolidated statement of financial position	116
Consolidated statement of changes in equity	117
Consolidated statement of cash flows	119
Notes to the Group financial statements	124 - 219
Notes to the Company’s financial statements: Related Party Transactions	234
Supplementary Information – alternative performance measures	236 - 238

## Information incorporated by reference from the Standard Life 2015 Annual Report

The following pages are incorporated by reference from the Standard Life 2015 Annual Report.

<b>Information</b>	<b>Pages</b>
Chairman's statement	2 - 3
Chief Executive Officer's overview	6 - 7
Our business	8 - 13
Chief Financial Officer's overview	14 - 18
Business performance	19 - 30
Risk management	31 - 36
Independent auditors' report on the Group financial statements	102 - 108
Consolidated income statement	109
Consolidated statement of comprehensive income	110
Pro forma reconciliation of consolidated operating profit for the year	111
Consolidated statement of financial position	112
Consolidated statement of changes in equity	113 - 114
Consolidated statement of cash flows	115
Notes to the Group financial statements	120 - 236
Notes to the Company's financial statements: Related Party Transactions	258

## Information incorporated by reference from the Standard Life 2014 Annual Report

The following pages are incorporated by reference from the Standard Life 2014 Annual Report.

<b>Information</b>	<b>Pages</b>
Chairman's statement	4
Chief Executive's overview	5 - 7
Group key financial performance indicators	8
Chief Financial Officer's overview	9 - 14
Business segment performance	15 - 25
Principal risks and uncertainties	26 - 29
Directors' Remuneration Policy	75 - 86
Independent auditors' report on the Group financial statements	103 - 109
Consolidated income statement	110
Consolidated statement of comprehensive income	111
Pro forma reconciliation of consolidated operating profit for the year	112
Consolidated statement of financial position	113
Consolidated statement of changes in equity	114
Consolidated statement of cash flows	115
Notes to the Group financial statements	135 - 237
Notes to the Company's financial statements: Related Party Transactions	282

## Information incorporated by reference from the Aberdeen 2016 Annual Report

The following pages are incorporated by reference from the Aberdeen 2016 Annual Report.

<b>Information</b>	<b>Pages</b>
Highlights	2
Chairman's statement	4 - 6
Business model	10 - 13
The market context	14 - 16
Strategic priorities	17 - 21
AuM overview	26 - 27
Asset class review	28 - 31
Financial review	32 - 39
Risk management	40 - 49
Corporate governance overview	51 - 53
Board of directors	54 - 55
Corporate governance report	58 - 60
Remuneration report	68 - 85
Directors' report	86 - 87
Group income statement	99
Statements of comprehensive income	100
Balance sheets	101
Statements of changes in equity	102 - 103
Statements of cash flows	104
Notes to the financial statements	105 - 152
Independent auditors' report	153 - 159

## Information incorporated by reference from the Aberdeen 2015 Annual Report

The following pages are incorporated by reference from the Aberdeen 2015 Annual Report.

<b>Information</b>	<b>Pages</b>
Highlights	3
Chairman's statement	6 - 8
The market context	14 - 17
Business model	18 - 19
Strategic priorities	22 - 26
Business review	30 - 33
Financial review	36 - 40
Risk management	44 - 51
Corporate governance overview	54 - 55
Board of directors	56 - 59
Corporate governance report	62 - 64
Remuneration report	72 - 88
Directors' report	89 - 90
Group income statement	101
Statements of comprehensive income	102
Balance sheets	103
Statements of changes in equity	104 - 105
Statements of cash flows	106
Notes to the financial statements	107 - 155
Independent auditors' report	156 - 158

## Information incorporated by reference from the Aberdeen 2014 Annual Report

The following pages are incorporated by reference from the Aberdeen 2014 Annual Report.

Information	Pages
Highlightsstandard	3
Chairman's statement	6 - 8
Business model	16 - 17
Strategy	18 - 19
Market review	24 - 27
Key performance indicators	28 - 29
Business review	30 - 38
Financial review	39 - 43
Risk management	44 - 47
Board of directors	52 - 55
Governance overview	57
Corporate governance report	58 - 60
Remuneration report	66 - 80
Directors' report	81 - 82
Group income statement	93
Statements of comprehensive income	94
Balance sheets	95
Statements of changes in equity	96 - 97
Statements of cash flows	98
Notes to the financial statements	99 - 146
Independent auditors' report	147 - 149

## Information incorporated by reference from the Aberdeen 2017 Interim Results

The following pages are incorporated by reference from the Aberdeen 2017 Interim Results.

Information	Pages
Financial highlights	1 - 2
Chairman's statement	2 - 4
Condensed consolidated income statement	5
Condensed consolidated statement of comprehensive income	6
Condensed consolidated balance sheet	7
Condensed consolidated statement of changes in equity	8
Condensed consolidated cash flow statement	9
Notes to the condensed consolidated financial statements	10 - 18
Independent auditors' report	19 - 20
Appendix: Assets under management and new business flows	21 - 24

## Information incorporated by reference from the Aberdeen 2016 Interim Results

The following pages are incorporated by reference from the Aberdeen H1 2016 Results.

Information	Pages
Financial highlights	1 - 2
Chairman's statement	2 - 4
Condensed consolidated income statement	5
Condensed consolidated statement of comprehensive income	6
Condensed consolidated balance sheet	7
Condensed consolidated statement of changes in equity	8
Condensed consolidated cash flow statement	9
Notes to the condensed consolidated financial statements	10 - 18
Independent auditors' report	19 - 20
Appendix: Assets under management and new business flows	21 - 24

## **PART XVII DEFINITIONS**

### **1. Interpretation**

Unless otherwise stated, all times referred to in this Prospectus are references to UK time.

All references to “Pounds Sterling”, “GBP”, “pence”, “sterling” or “£” are to the lawful currency of the UK.

All references to “Euro”, “EUR” or “€” are to the lawful currency of the EU (as adopted by certain member states).

All references to “US Dollars”, “USD”, “dollars”, “US\$” and “\$” are to the lawful currency of the US.

Unless otherwise indicated, the financial information contained in this Prospectus has been expressed in Pounds Sterling, which is the reporting currency of the Standard Life Group and the Aberdeen Group.

Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

All references to statutory provision or law or to any order or regulation shall be construed as a reference to that provision, law, order or regulation as extended, modified, replaced or re-enacted from time to time and all statutory instruments, regulations and orders from time to time made thereunder or deriving validity therefrom.

### **2. Definitions**

The following definitions apply in this Prospectus, unless the context otherwise requires:

<b>Aberdeen</b>	means Aberdeen Asset Management PLC, incorporated in Scotland with registered number SCo82015;
<b>Aberdeen 2014 Annual Report</b>	means Aberdeen’s annual report and audited accounts for the year ended 30 September 2014 (which includes the Aberdeen Group’s audited historical consolidated financial statements for the year ended 30 September 2014);
<b>Aberdeen 2015 Annual Report</b>	means Aberdeen’s annual report and audited accounts for the year ended 30 September 2015 (which includes the Aberdeen Group’s audited historical consolidated financial statements for the year ended 30 September 2015);
<b>Aberdeen 2016 Annual Report</b>	means Aberdeen’s annual report and audited accounts for the year ended 30 September 2016 (which includes the Aberdeen Group’s audited historical consolidated financial statements for the year ended 30 September 2016);
<b>Aberdeen 2016 Interim Results</b>	means Aberdeen’s interim results announcement for the six months ended 31 March 2016 (which includes the Aberdeen Group’s unaudited historical consolidated financial statements for the six months ended 31 March 2016);

<b>Aberdeen 2017 Interim Results</b>	means Aberdeen’s interim results announcement for the six months ended 31 March 2017 (which includes the Aberdeen Group’s unaudited historical consolidated financial statements for the six months ended 31 March 2017);
<b>Aberdeen ADR Holder</b>	means the holders of Aberdeen ADRs from time to time;
<b>Aberdeen ADRs</b>	means the American depository receipts representing the Aberdeen Shares;
<b>Aberdeen Board</b>	means the Aberdeen Directors collectively;
<b>Aberdeen Court Hearing</b>	means the hearing by the Court to sanction the Scheme and, if such hearing is adjourned, references to the commencement of any such hearing shall mean the commencement of the final adjournment thereof;
<b>Aberdeen Court Meeting</b>	means the meeting(s) of the Scheme Shareholders convened by order of the Court pursuant to section 896 of the CA 2006 to consider and, if thought fit, approve the Scheme (with or without amendment) and any adjournment, postponement or reconvention thereof;
<b>Aberdeen Court Order</b>	means the order of the Court sanctioning the Scheme under section 899 of the CA 2006;
<b>Aberdeen Directors</b>	means the directors of Aberdeen as at the date of this Prospectus or, where the context so requires, the directors of Aberdeen from time to time;
<b>Aberdeen General Meeting</b>	means the general meeting of Aberdeen Shareholders to be convened to consider and if thought fit pass, inter alia, a special resolution in relation to the Scheme and the Merger;
<b>Aberdeen Group</b>	means Aberdeen and its Subsidiaries and its Subsidiary undertakings from time to time and “member of the Aberdeen Group” shall be construed accordingly;
<b>Aberdeen Meetings</b>	means the Aberdeen Court Meeting and the Aberdeen General Meeting;
<b>Aberdeen Preference Shares</b>	means the 200,000,000 convertible redeemable preference shares of 1 pence each currently in Aberdeen, which are held by MUTB;
<b>Aberdeen Recommending Directors</b>	means the Aberdeen Directors other than Akira Suzuki, a non-executive director of Aberdeen appointed by MUTB;
<b>Aberdeen’s Registrar</b>	means Equiniti Limited, incorporated in England and Wales with registered number 06226088, whose registered office is Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA;
<b>Aberdeen Shareholders</b>	means the holders of Aberdeen Shares from time to time (any such holder being an “ <b>Aberdeen Shareholder</b> ”);

<b>Aberdeen Shares</b>	means the ordinary shares of 10 pence each in the capital of Aberdeen from time to time;
<b>Aberdeen Share Schemes</b>	means the Aberdeen Deferred Share Plan 2009, USA Deferred Share Award Plan adopted in 2009 and 2005 Long Term Incentive Plan, and any predecessor plan previously adopted by Aberdeen, each as amended from time to time;
<b>Admission</b>	means the admission of the New Shares to listing on the premium segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange;
<b>Admission and Disclosure Standards</b>	means the requirements contained in the publication ‘Admission and Disclosure Standards’ (as amended from time to time) published by the LSE containing, among other things, the requirements to be observed by companies seeking admission to trading on the LSE’s main market for listed securities;
<b>AGM</b>	means an annual general meeting of Standard Life;
<b>AIF</b>	has the meaning given to it in Article 4(1)(a) of the AIFMD;
<b>AIFM</b>	has the meaning given to it in Article 4(1)(b) of the AIFMD;
<b>AIFMD</b>	means Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010;
<b>Announcement</b>	means the joint announcement made by Standard Life and Aberdeen on 6 March 2017 in relation to the Merger pursuant to Rule 2.7 of the City Code, as amended;
<b>Asset Management Committee</b>	means the proposed senior management operating committee for the asset management business of the Combined Group;
<b>Audit Committee</b>	means the audit committee of Standard Life;
<b>AuM</b>	means assets under management;
<b>BIPRU</b>	means the Prudential Sourcebook for Banks, Building Societies and Investment Firms in the FCA Handbook;
<b>Board of the Combined Group</b>	means the board of directors of Standard Life post-completion of the Merger;
<b>Business Day</b>	means a day (other than a Saturday, Sunday, public or bank holiday) on which banks are generally open for business in London and Edinburgh other than solely for trading and settlement in Euro;

<b>CA 1985</b>	means the UK Companies Act 1985, as amended;
<b>CA 2006</b>	means the UK Companies Act 2006, as amended;
<b>CASS</b>	means the 'Client Assets' Sourcebook in the FCA Handbook;
<b>CEO</b>	means chief executive officer;
<b>Circular</b>	means the circular dated 9 May 2017, being a circular sent by Standard Life to Standard Life Shareholders summarising the background to and the reasons for the Merger, which includes the Notice of the Standard Life General Meeting and the information incorporated by reference into it (together with any supplements or amendments thereto);
<b>City Code</b>	means the City Code on Takeovers and Mergers;
<b>Closing Price</b>	means the closing middle market quotations of a share derived from the Daily Official List of the LSE;
<b>COBS</b>	means the 'Conduct of Business' Sourcebook in the FCA Handbook;
<b>COLL</b>	means the Collective Investment Schemes Sourcebook in the FCA Handbook;
<b>Combined Group</b>	means the enlarged group following completion of the Merger comprising the Standard Life Group and the Aberdeen Group;
<b>Conditions</b>	means the conditions to the implementation of the Merger (including the Scheme) as summarised in section E.3 of Part I ( <i>Summary</i> ) and set out in full in the Scheme Document;
<b>Consideration</b>	means the consideration payable to Scheme Shareholders in connection with the Merger comprising the New Shares, with Aberdeen Shareholders (who are the holders of the Scheme Shares at the Scheme Record Time) to receive 0.757 of a New Share per Aberdeen Share;
<b>Continuing Directors</b>	means the following Standard Life Directors who will become members of the Board of the Combined Group: Sir Gerry Grimstone, Keith Skeoch, John Devine, Melanie Gee, Kevin Parry, Lynne Peacock and Martin Pike;
<b>Cooperation Agreement</b>	means the cooperation agreement dated 6 March 2017 entered into between Aberdeen and Standard Life;
<b>Court</b>	means the Court of Session in Edinburgh, Scotland;

<b>CRD III</b>	means Directive 2010/76/EU of the European Parliament and of the Council of 24 November 2010 amending Directives 2006/48/EC and 2006/49/EC as regards capital requirements for the trading book and for re-securitisations, and the supervisory review of remuneration policies;
<b>CRD IV</b>	means, taken together, (i) the CRD IV Directive; (ii) the CRD IV Regulation; and (iii) any additional measures adopted to give effect to the CRD IV Directive or CRD IV Regulation (for the avoidance of doubt, whether implemented by way of a regulation, a directive or otherwise);
<b>CRD IV Directive</b>	means Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, as amended;
<b>CRD IV Regulation</b>	means Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, as amended;
<b>CREST</b>	means the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations);
<b>CREST Manual</b>	means the CREST manual issued by Euroclear;
<b>CREST Regulations</b>	means the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended and for the time being in force;
<b>Disclosure Guidance and Transparency Rules or DTR</b>	means the disclosure rules made by the FCA pursuant to Part VI of FSMA (as amended), referred to in section 73A(3) of FSMA, and contained in the FCA's publication of the same name;
<b>DPA</b>	means the Data Protection Act 1998;
<b>EEA</b>	means the European Economic Area;
<b>Effective Date</b>	means the date on which: <ul style="list-style-type: none"> <li>(a) the Scheme becomes effective in accordance with its terms; or</li> <li>(b) if Standard Life elects to implement the Merger by way of an Offer, the Offer becomes or is declared unconditional in all respects;</li> </ul>
<b>EMIR</b>	means Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories;
<b>EU or European Union</b>	an economic and political union of 28 member states which are located primarily in Europe;

<b>Euroclear</b>	means Euroclear UK & Ireland Limited;
<b>Exchange Ratio</b>	means the exchange ratio of 0.757 of a New Share in exchange for each Aberdeen Share;
<b>Excluded Shares</b>	means any Aberdeen Shares at the Scheme Record Time: (i) in respect of which Standard Life or any member of the Standard Life Group is registered holder; (ii) beneficially owned by Standard Life or any members of the Standard Life Group; (iii) which Aberdeen and Standard Life agree in writing will not be subject to the Scheme; or (iv) held by Aberdeen in treasury;
<b>Executive Committee</b>	means the proposed executive committee of the Combined Group;
<b>Executive Directors</b>	means the executive directors of Standard Life as at the date of this Prospectus, whose names appear in Part IV of this Prospectus ( <i>Directors, Company Secretary, registered and head offices and advisers</i> ) or, where the context so requires, the executive directors of Standard Life from time to time;
<b>Executive LTIP</b>	means the Standard Life Executive long term incentive plan as described in paragraph 9.2 of Part XV of this Prospectus ( <i>Directors, Proposed Directors, Senior Management and corporate governance</i> );
<b>Existing Standard Life Shares</b>	means the Standard Life Shares in issue at the Latest Practicable Date;
<b>FCA</b>	means the Financial Conduct Authority;
<b>Fenchurch</b>	means Fenchurch Advisory Partners LLP of Tower 42, 25 Old Broad Street, London EC2N 1HQ;
<b>Financial Instruments and Exchange Act of Japan</b>	the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948) as amended;
<b>FOS</b>	means the Financial Ombudsman Service;
<b>FSCS</b>	means the Financial Services Compensation Scheme;
<b>FSMA</b>	means the Financial Services and Markets Act 2000 (as amended, modified, re-enacted or replaced from time to time);
<b>FUND</b>	means the Investment Funds Sourcebook in the FCA Handbook;
<b>GDPR</b>	means Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation);

<b>GENPRU</b>	means the General Prudential Sourcebook in the FCA Handbook;
<b>Goldman Sachs International</b>	means Goldman Sachs International of Peterborough Court, 133 Fleet Street, London EC4A 2BB;
<b>HMRC</b>	means Her Majesty's Revenue & Customs or, where the context so requires, its successors from time to time;
<b>IASB</b>	means International Accounting Standards Board;
<b>ICAAP</b>	means the Internal Capital Adequacy Assessment Process;
<b>ICOBS</b>	means the Insurance: Conduct of Business Sourcebook in the FCA Handbook;
<b>IFPRU</b>	means the Prudential Sourcebook for Investment Firms in the FCA Handbook;
<b>IFRS</b>	means the International Financial Reporting Standard(s);
<b>Ignis</b>	means Ignis Asset Management Limited;
<b>IMO</b>	means the Integration Management Office;
<b>Insurance Distribution Directive</b>	means Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution (recast);
<b>Insurance Mediation Directive</b>	means Directive 2002/92/EC of the European Parliament and of the Council of 9 December 2002 on insurance mediation;
<b>International Securities Identification Number or ISIN</b>	means the international code for a listed security;
<b>IPRU-INV</b>	means the Interim Prudential sourcebook for Investment Businesses in the FCA Handbook;
<b>Irish Sharesave</b>	means the Standard Life Irish sharesave plan as described in paragraph 9.7 of Part XV of this Prospectus ( <i>Directors, Proposed Directors, Senior Management and Corporate Governance</i> );
<b>ITEPA</b>	means the UK Income Tax (Earnings and Pensions Act) 2003, as amended;
<b>Latest Practicable Date</b>	means 5 May 2017, being the latest practicable date prior to the publication of this Prospectus;
<b>Legislation</b>	means every statute (and any orders, regulations or other subordinate legislation made under it) applying to Standard Life;
<b>Listing Rules or LR</b>	means the rules and regulations made by the UKLA under Part VI of FSMA and contained in the UKLA's publication of the same name (as amended from time to time);
<b>Lloyds</b>	means Lloyds Banking Group plc and references to Lloyds include any of its affiliates from time to time;

<b>London Stock Exchange or LSE</b>	means London Stock Exchange plc;
<b>Long Stop Date</b>	means 31 December 2017 or such later date as may be agreed in writing by Aberdeen and Standard Life (with the Panel's consent and as the Court may approve (if such approval is required));
<b>Market Abuse Regulation</b>	means Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (Market Abuse Regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC;
<b>MCR</b>	means the minimum capital requirement, as defined under Solvency II;
<b>Merger</b>	the proposed merger by acquisition of the entire issued and to be issued share capital of Aberdeen by Standard Life, to be effected by the Scheme as described in the Scheme Document (or by the Offer under certain circumstances described in this Prospectus);
<b>MiFID</b>	means Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC;
<b>MiFID II</b>	means the MiFID II Directive and MiFIR and any additional measures adopted to give effect to the Solvency II Directive (for the avoidance of doubt, whether implemented by way of a regulation, a directive or otherwise);
<b>MiFID II Directive</b>	means Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, as amended;
<b>MiFID investment firm</b>	means an investment firm as defined in Article 2(1) of MiFID;
<b>MiFIR</b>	means Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012, as amended;
<b>MIPRU</b>	means the Prudential Sourcebook for Mortgage and Home Finance Firms and Insurance Intermediaries in the FCA Handbook;
<b>MLD4</b>	means Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC;

<b>MUTB</b>	means Mitsubishi UFJ Trust and Banking Corporation;
<b>New Shares</b>	means the new Standard Life Shares proposed to be issued pursuant to the Scheme or any Offer (each individual share a “ <b>New Share</b> ” as the context so requires);
<b>Non-Executive Directors</b>	means the non-executive directors of Standard Life as at the date of this Prospectus, whose names appear in Part VI (Directors, Company Secretary, Registered and Head Offices and Advisers) or, where the context so requires, the non-executive directors of Standard Life from time to time;
<b>Notice of the Standard Life General Meeting</b>	means the notice of the Standard Life General Meeting (together with the accompanying notes) contained in the Circular;
<b>Offer</b>	means, should the Merger be implemented by way of a takeover offer as defined in Chapter 3 of Part 28 of CA 2006, the recommended offer to be made by or on behalf of Standard Life to acquire the entire issued and to be issued ordinary share capital of Aberdeen and, where the context admits, any subsequent revision, variation, extension or renewal of such offer;
<b>Official List</b>	means the official list maintained by the UKLA in accordance with section 74(1) of FSMA for the purposes of Part VI of FSMA;
<b>OTC</b>	means over-the-counter;
<b>Overseas Shareholders</b>	means Scheme Shareholders who are resident in, ordinarily resident in, or citizens of jurisdictions outside the United Kingdom;
<b>Panel</b>	means the Panel on Takeovers and Mergers;
<b>PD Regulation</b>	means the Prospectus Directive Regulation EU (809/2004/EC), as amended;
<b>PRA</b>	means the Prudential Regulation Authority as defined by FSMA;
<b>PRIIPs Regulation</b>	means Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs);
<b>Principles for Businesses</b>	means the Principles for Businesses Sourcebook in the FCA Handbook;
<b>Proposed Directors</b>	means the individuals who will become directors of the Combined Group following the Merger, as set out in paragraph 1.5 of Part XV of this Prospectus ( <i>Directors, Proposed Directors, Senior Management and Corporate Governance</i> );

<b>Prospectus</b>	means this document dated 9 May 2017, being a prospectus relating to Standard Life and the New Shares for the purposes of the Prospectus Rules, and including the information incorporated by reference into it (together with any supplements or amendments thereto);
<b>Prospectus Rules or PR</b>	means the prospectus rules made by the FCA pursuant to Part VI of FSMA (as amended), referred to in section 73A(4) of FSMA and contained in the FCA's publication of the same name;
<b>PwC</b>	means PricewaterhouseCoopers LLP of either 1 Embankment Place, London, WC2N 6RH (reporting accountant's address), or Atria One, 144 Morrison Street, Edinburgh, EH3 8EX (auditor's address), as the context requires;
<b>Quantified Financial Benefits Statement</b>	has the meaning given in paragraph 14 of Part XVI of this Prospectus ( <i>Additional information</i> );
<b>Registrar</b>	means Capita Registrars Limited, incorporated in England and Wales with registered number 02605568, whose registered office is The Registry, 34, Beckenham Road, Beckenham, Kent BR3 4TU;
<b>Registrar of Companies</b>	means the Registrar of Companies in Scotland;
<b>Regulatory Information Service</b>	means a regulatory information service as defined in the Listing Rules;
<b>Remuneration Committee</b>	means the remuneration committee of Standard Life;
<b>Remuneration Policy</b>	means the directors' remuneration policy set out in Part B of the Appendix to the Circular which will be proposed for approval by the Standard Life Shareholders at the Standard Life General Meeting, a copy of which is set out in the Appendix to the Circular;
<b>Restricted Jurisdiction</b>	means any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Merger is sent or made available to Aberdeen Shareholders in that jurisdiction;
<b>RSP</b>	means the Standard Life restricted stock plan as described in paragraph 9.4 in Part XV of this Prospectus ( <i>Directors, Proposed Directors, Senior Management and Corporate Governance</i> );
<b>Scheme</b>	means the proposed scheme of arrangement under Part 26 of the CA 2006 between Aberdeen and the Scheme Shareholders to implement the Merger with or subject to any modification, addition or condition approved or imposed by the Court;
<b>Scheme Document</b>	means the document to be dispatched to Aberdeen Shareholders pursuant to section 897 of the CA 2006 containing, among other things, details of the Scheme and the notices of the Aberdeen Meetings;

<b>Scheme Record Time</b>	means the time and date specified as such in the Scheme Document or such later time as Standard Life and Aberdeen may agree;
<b>Scheme Shareholders</b>	means holders of Scheme Shares (any such holder being a “ <b>Scheme Shareholder</b> ”);
<b>Scheme Shares</b>	means the Aberdeen Shares: <ul style="list-style-type: none"> <li>(a) in issue at the date of the Scheme Document;</li> <li>(b) issued after the date of the Scheme Document but prior to the Voting Record Time; or</li> <li>(c) issued at or after the Voting Record Time and at or prior to the Scheme Record Time on terms that the original or any subsequent holder thereof will be bound by the Scheme (if any),</li> </ul> in each case excluding any Excluded Shares;
<b>SCR</b>	means the solvency capital requirement, as defined under Solvency II;
<b>SEC</b>	means the US Securities and Exchange Commission;
<b>SEDOL</b>	means the Stock Exchange Daily Official List;
<b>Settlement Date</b>	means the date of settlement of the Consideration;
<b>SFT Regulation</b>	means Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012;
<b>SLI LTIP</b>	means the Standard Life Investments long term incentive plan as described in paragraph 9.3 in Part XV of this Prospectus ( <i>Directors, Proposed Directors, Senior Management and Corporate Governance</i> );
<b>Solvency II</b>	means the Solvency II Directive, the Solvency II Regulation and any additional measures adopted to give effect to the Solvency II Directive (for the avoidance of doubt, whether implemented by way of a regulation, a directive or otherwise);
<b>Solvency II Directive</b>	means Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II), as amended;
<b>Solvency II Regulation</b>	means Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II), as amended;

<b>SP</b>	the Standard Life share plan as described in paragraph 9.5 in Part XV of this Prospectus ( <i>Directors, Proposed Directors, Senior Management and Corporate Governance</i> );
<b>Standard Life 2014 Annual Report</b>	means Standard Life's annual report and audited accounts for the year ended 31 December 2014 (which includes the Standard Life Group's audited historical consolidated financial statements for the year ended 31 December 2014);
<b>Standard Life 2015 Annual Report</b>	means Standard Life's annual report and audited accounts for the year ended 31 December 2015 (which includes the Standard Life Group's audited historical consolidated financial statements for the year ended 31 December 2015);
<b>Standard Life 2016 Annual Report</b>	means Standard Life's annual report and audited accounts for the year ended 31 December 2016 (which includes the Standard Life Group's audited historical consolidated financial statements for the year ended 31 December 2016);
<b>Standard Life Articles of Association</b>	means the current articles of association of Standard Life or, where the context so requires, the articles of association of Standard Life from time to time;
<b>Standard Life Board</b>	means the Standard Life directors collectively;
<b>Standard Life Chairman's Committee</b>	means the proposed committee for ensuring effective co-ordination of the Combined Group following completion of the Merger;
<b>Standard Life Directors</b>	means the Executive Directors and Non-Executive Directors of Standard Life as at the Latest Practicable Date, whose names appear in Part IV of this Prospectus ( <i>Directors, Company Secretary, registered and head offices and advisers</i> );
<b>Standard Life directors</b>	means the directors of Standard Life from time to time;
<b>Standard Life Dividend Reinvestment Plan</b>	means the dividend reinvestment plan operated by Standard Life, pursuant to the Standard Life Articles of Association and the programme's terms and conditions, each as amended from time to time, further details of which are provided in paragraph 16.3 of Part VI;
<b>Standard Life General Meeting</b>	means the general meeting of Standard Life to be convened in connection with the Merger, and by the Notice of the Standard Life General Meeting contained in the Circular (including any adjournment thereof);
<b>Standard Life Group</b>	means Standard Life and its Subsidiaries and its Subsidiary undertakings from time to time;
<b>Standard Life Investments</b>	means the relevant reportable segment of the Standard Life Group;

<b>Standard Life Merger Resolution</b>	means the ordinary shareholder resolution of Standard Life to approve, effect and implement the Merger and to grant authority to the Standard Life directors to allot the New Shares proposed to be passed by the Standard Life Shareholders at the Standard Life General Meeting as set out in Resolution 1 in the Notice of the Standard Life General Meeting contained in the Circular;
<b>Standard Life or Company</b>	means Standard Life plc, to be renamed Standard Life Aberdeen plc on or around the Effective Date, incorporated in Scotland with registered number SC286832;
<b>Standard Life Resolutions</b>	means the shareholder resolutions of Standard Life proposed to be passed by the Standard Life Shareholders at the Standard Life General Meeting as set out in the Notice of the Standard Life General Meeting contained in the Circular;
<b>Standard Life Senior Manager</b>	means the member of the senior management of Standard Life, as set out in paragraph 1.3 of Part XV of this Prospectus ( <i>Directors, Proposed Directors, Senior Management and Corporate Governance</i> );
<b>Standard Life Share Account</b>	means the service known as the “Standard Life Share Account” provided by Capita IRG Trustees Limited for the purposes of holding shares in Standard Life on behalf of members of the Standard Life Share Account;
<b>Standard Life Share Plans</b>	means those set out in paragraph 8 of Part XV of this Prospectus ( <i>Directors, Proposed Directors, Senior Management and Corporate Governance</i> );
<b>Standard Life Shareholders</b>	means the holders of Standard Life Shares from time to time (including members who hold such shares through the Standard Life Share Account (any such holder being a “ <b>Standard Life Shareholder</b> ”));
<b>Standard Life Shares</b>	means the ordinary shares of 12 <sup>2</sup> / <sub>9</sub> pence each in the capital of Standard Life;
<b>STIP</b>	means the Standard Life short term incentive plan as described in paragraph 9.1 of Part XV of this Prospectus ( <i>Directors, Proposed Directors, Senior Management and Corporate Governance</i> );
<b>Strategic Executive Committee</b>	means the strategic executive committee of Standard Life;
<b>Subscription Agreement</b>	means the agreement entered into between Aberdeen and MUTB as set out in paragraph 9.2 of Part XVI ( <i>Additional information</i> );
<b>Subsidiary</b>	has the meaning given in section 1159 of CA 2006;
<b>Subsidiary undertaking</b>	has the meaning given in section 1162 of CA 2006;

<b>SYSC</b>	means the ‘Senior Management Arrangements, Systems and Controls’ Sourcebook in the FCA Handbook;
<b>UCITS</b>	means an undertaking for collective investment in transferable securities, as defined in Article 1(2) of the UCITS Directive;
<b>UCITS Directive</b>	means Directive 2009/65/EC of the European Parliament and of the Council on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (recast);
<b>UCITS management company</b>	has the meaning given to it in Article 2(1)(b) of the UCITS Directive;
<b>TUPE</b>	means the Transfer of Undertakings (Protection of Employment) Regulations 2006;
<b>UK or United Kingdom</b>	means the United Kingdom of Great Britain and Northern Ireland;
<b>UK Corporate Governance Code</b>	means the UK Corporate Governance Code issued by the Financial Reporting Council in the UK from time to time;
<b>UKLA</b>	means the FCA acting in its capacity as the authority for listing in the UK;
<b>UK Sharesave</b>	means the Standard Life sharesave plan as described in paragraph 9.6 of Part XV of this Prospectus ( <i>Directors, Proposed Directors, Senior Management and Corporate Governance</i> );
<b>US or United States</b>	means the United States of America, its territories and possessions, any state of the United States and the District of Columbia and all areas subject to its jurisdiction;
<b>US Exchange Act</b>	means the US Securities Exchange Act of 1934, as amended;
<b>US Securities Act</b>	means the US Securities Act of 1933, as amended;
<b>VAT</b>	means: (i) within the EU, any tax imposed by any member state in conformity with the directive of the council of the European Union on the common system of value added tax (2006/112/EC); and (ii) outside the EU, any tax corresponding to, or substantially similar to, the common system of value added tax referred to in paragraph (i) of this definition;
<b>Voting Form</b>	means the voting form (whether electronic or in hard copy) for use by members of the Standard Life Share Account in connection with the Standard Life General Meeting; and
<b>Voting Record Time</b>	means 6.00 p.m. on the day which is two Business Days prior to the date of the Aberdeen Court Meeting or any adjournment thereof (as the case may be).

