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

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

Recommended all-share merger of Standard Life and Aberdeen

Circular to Standard Life Shareholders and Notice of the Standard Life General Meeting

This Circular should be read as a whole and your attention is drawn to the risk factors set out in Part III (*Risk Factors*). Your attention is also drawn to the letter from your Chairman, which is set out in Part I (*Letter from the Chairman*), which contains the recommendation of the Standard Life Board that you vote in favour of the Standard Life Resolutions to be proposed at the Standard Life General Meeting.

Notice of the Standard Life General Meeting to be held at the Assembly Rooms, 54 George Street, Edinburgh EH2 2LR at 2.00 p.m. on Monday 19 June 2017 is set out at pages 106 to 109 of this Circular. Where you have received this Circular from Standard Life in hard copy, a Voting Form for use at the Standard Life General Meeting is enclosed. Otherwise, a Voting Form is available electronically through

www.standardlifeshareportal.com or may separately have been sent to you in hard copy. Whether or not you intend to attend the Standard Life General Meeting in person, please submit a Voting Form electronically through www.standardlifeshareportal.com or complete, sign and return a hard copy Voting Form in accordance with the instructions printed on it as soon as possible but, in any event, so as to be received by the Registrar no later than 6.00 p.m. on Thursday 15 June 2017. If you hold your Standard Life Shares in uncertificated form (i.e. in CREST) you may appoint a proxy by completing and transmitting a CREST Proxy Instruction in accordance with the CREST Manual so that it is received by the Registrar (under CREST participant ID RA10) by no later than 6.00 p.m. on Thursday 15 June 2017. The time of receipt will be taken to be the time from which the Registrar is able to receive the message by enquiry to CREST in the manner prescribed by CREST.

Completion and submission of the Voting Form or completing and transmitting a CREST Proxy Instruction will not prevent Standard Life Shareholders from attending or voting in person at the Standard Life General Meeting if they wish to do so. Members of the Standard Life Share Account who wish to attend and vote in person at the Standard Life General Meeting must submit the Voting Form with their own name in the nominated proxy box.

This Circular and the accompanying documents have been prepared to comply with English law and applicable regulations and the information disclosed may not be the same as that which would have been disclosed if this Circular or the accompanying documents had been prepared in accordance with the laws of jurisdictions outside the UK.

No person has been authorised to give any information or make any representations other than those contained in this Circular and, if given or made, such information or representations must not be relied upon as having been authorised by Standard Life, the Standard Life Directors, Goldman Sachs International or Fenchurch or any other person involved in the Merger. Neither the delivery of this Circular nor Admission shall, under any circumstances, create any implication that there has been no change in the affairs of Standard Life since the date of this Circular or that the information in this document is correct as at any time subsequent to its date.

Goldman Sachs International, which is authorised by the PRA and regulated by the FCA and the 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 Circular and will not be responsible to anyone other than Standard Life for providing the protections afforded to its clients, or for providing advice in connection with the Merger, Admission, the contents of this Circular or any matter described in this Circular and will not regard any other person (whether or not a recipient of this document) as its client in relation to the Merger or any matter referred to in this Circular.

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 document) as its client in relation to the Merger or any matter referred to in this Circular.

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This Circular is dated 9 May 2017.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS AND INDICATIVE STATISTICS

PART A EXPECTED TIMETABLE OF PRINCIPAL EVENTS

| PRINCIPAL EVENTS | TIME AND / OR DATE ⁽¹⁾ |
|---|--|
| Publication of the Prospectus, this 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 ⁽²⁾ |
| Aberdeen Court Meeting | 1.00 p.m. on 19 June 2017 |
| Aberdeen General Meeting | 1.05 p.m. on 19 June 2017 ⁽³⁾ |
| Standard Life General Meeting | 2.00 p.m. on 19 June 2017 |
| Aberdeen Court Hearing | 11 August 2017 ⁽⁴⁾ |
| Effective Date | 14 August 2017 ⁽⁴⁾ |
| New Shares issued and credited to CREST accounts of Aberdeen Shareholders | as soon as possible after 8.00 a.m. on 14 August 2017 ⁽⁴⁾ |
| Admission and commencement of dealings in New Shares on the London Stock Exchange | by 8.00 a.m. on 14 August 2017 ⁽⁴⁾ |
| Delisting of Aberdeen Shares | on 14 August 2017 ⁽⁴⁾ |
| 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 to Aberdeen Shareholders (where applicable) | within 14 days of the Effective Date ⁽⁴⁾ |
| Long Stop Date | 31 December 2017 ⁽⁵⁾ |

(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 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 that is 48 hours (excluding any part of a day that is a non-Business Day) 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 that is 48 hours (excluding any part of a day that is a non-Business Day) 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) To commence at the time fixed or, if later, immediately after the conclusion or adjournment of the Aberdeen Court Meeting.
- (4) 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.
- (5) 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 statistics¹

| | |
|---|------------------------|
| 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% |

¹ Please see paragraph 13 of Part VII (*Additional information*) for details of how these statistics are calculated.

PART I
LETTER FROM THE CHAIRMAN

Registered Office
Standard Life House
30 Lothian Road
Edinburgh EH1 2DH
Scotland

9 May 2017

To Standard Life Shareholders and, for information only, to persons with information rights

Dear Shareholder,

**Recommended all-share merger of Standard Life plc
and Aberdeen Asset Management PLC**

1. Introduction

I am writing to provide you with an explanation of the background to and reasons for the Merger and to explain why the Standard Life Board considers the Merger to be in the best interests of our shareholders as a whole. We unanimously recommend that you vote in favour of the Standard Life Resolutions, as we have irrevocably undertaken to do in respect of our own holdings.

The Standard Life Board and the Aberdeen Recommending Directors believe that there is a compelling strategic and financial rationale for the Merger, as a result of both companies' complementary investment platforms and leading-edge asset management capabilities. We believe the Merger will accelerate the achievement of our stated ambition to become a world-class investment company, with enhanced capabilities in a number of product areas, an extended global reach, and a platform that is positioned to capitalise on the major thematic drivers that are influencing the industry currently. In so doing, we believe the Merger will generate material value for the Combined Group's shareholders.

2. Summary terms of the Merger

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 our two companies. 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

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 will own approximately 33.3% and Existing Standard Life Shareholders will own approximately 66.7% of the Combined Group on a diluted basis. As a result, the voting rights of Existing Standard Life Shareholders will be diluted, such that they hold voting

rights of approximately 66.7% of the total voting rights that they had held immediately prior to completion. Please see paragraph 13 of Part VII (*Additional information*) for details of how the dilution statistics are calculated.

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).

As a result of its size, the Merger constitutes a Class 1 transaction for Standard Life under the Listing Rules. We are therefore seeking the approval of our Shareholders for the Merger at the Standard Life General Meeting, which has been convened for 2.00 p.m. on Monday 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 Resolutions to approve the Merger, the issue and allotment of the New Shares and the amended Remuneration Policy.

The Prospectus prepared in accordance with the Prospectus Rules, which contains further details of the issue of the New Shares, has been published on Standard Life's website (www.standardlife.com).

3. 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 on 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 the 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 that 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 billion² 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 that has 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 that 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.

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

² Source: CaseyQuirk by Deloitte, November 2015

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 our 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. Further, 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 that are present in these areas. Of these approximately £200 million annual saving 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.

4. Strategic positioning of the Combined Group

The Combined Group is expected to pursue a strategy focused on accelerating its position as a world-class investment company, 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.
- 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, we anticipate 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.

5. 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 £200 million per annum by the end of the third year following completion, 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. I would note that, 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.
- Assets under management (“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 United States, 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 synergies referred to above are set out in more detail in paragraph 11 of Part VII (*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 our 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 11 of Part VII (*Additional information*).

6. 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.

We continue to work on the integration plans and are constantly assessing the potential for efficiency improvements.

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.

The Combined Group will continue to work on the integration plans and are constantly assessing the potential for efficiency improvements.

7. Management, employees and governance

Under the terms of the Merger, I will become chairman of the Board of the Combined Group and Aberdeen's chairman, Simon Troughton, will become deputy chairman. Our 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 Investment 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 3 of Part VII (*Additional information*)). The Board of the Combined Group will continue to ensure that we maintain the highest standards of governance and oversight as we implement our 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 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 section 4 of Part VII (*Additional information*).

Since the announcement of the Merger, the co-CEOs have fostered a close and mutually reinforcing working relationship and I am confident that both Keith and Martin will continue to work well together, with

their complementary skillsets benefiting all shareholders of the Combined Group. Keith 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 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, 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 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.

8. Branding and location

It is intended that following 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 Standard Life Group and the Aberdeen 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

Standard Life Group and the Aberdeen Group together in a single investment sub-group. If such a sub-group is established, the intermediate holding company will be named or re-named 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.

9. Further details on 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 9.2 of Part XVI (*Additional information*) of the Prospectus, which is incorporated by reference into this Circular as set out in paragraph 15 of Part VII (*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 entered into between Aberdeen and MUTB on 15 June 2015, shall continue following completion of the Merger.

10. Further details on Lloyds Banking Group

Since Aberdeen acquired Scottish Widows Investment Partnership Limited in April 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 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 cooperation. 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.

11. 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 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.

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.

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 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 £5,133.2 million.

12. 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 |

Standard Life Investments total assets under management 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 to £1.0 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 Circular.

As at 31 March 2017, the unaudited AuM of the Aberdeen Group was £308.1 billion. Buoyant markets for much of the six months and the weakness of 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 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 Aberdeen management 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.

13. 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.

14. Dividends and dividend policy

14.1 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 Circular 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.

14.2 Dividend policy post-completion

Following the Merger and subject to the approval of the Board of the Combined Group, the Combined Group intends 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.

15. Remuneration Policy

If the Merger becomes effective, the remuneration arrangements of all members of the Board of the Combined Group will be required to comply with Standard Life’s directors’ remuneration policy. In the longer term, the intention is that the Combined Group will propose a new remuneration policy to its shareholders at the 2018 annual general meeting that, if approved, will take effect from 1 January 2018. However, as a transitional measure, it is proposed that a number of changes are made to the current remuneration policy, which will take effect on the Effective Date.

The revised remuneration policy containing the proposed changes is set out in Part B of the Appendix to this Circular (the “**Remuneration Policy**”). To become effective, the Remuneration Policy requires the

approval of Standard Life Shareholders by the passing of a resolution at the Standard Life General Meeting. The resolution must be approved by a majority of votes of the Standard Life Shareholders, voting either in person or by proxy at the Standard Life General Meeting.

The key proposed amendments to the existing remuneration policy are summarised below. A more detailed explanation is set out in the “Overview of Proposed Changes to Standard Life’s Directors’ Remuneration Policy for 2017” in Part A of the Appendix to this Circular.

15.1 Legacy Aberdeen variable pay arrangements

It is proposed that the policy be amended to accommodate the continuation of Martin Gilbert and Bill Rattray’s variable pay arrangements for the transitional period between the Effective Date and 31 December 2017, being the end of the Standard Life 2017 financial year. This includes the operation by Standard Life of variable pay award plans, which are modelled on the existing Aberdeen arrangements. No other Standard Life director will be entitled to participate in these plans and Martin Gilbert and Bill Rattray will be excluded from participating in Standard Life’s other variable pay arrangements in 2017.

15.2 Standard Life Group annual bonus

The Standard Life group annual bonus will continue to be measured against performance targets and objectives for the legacy Standard Life business for the period from the Effective Date to the end of the Standard Life 2017 financial year. Additional Merger-related targets and objectives will be set where appropriate. However, where bonuses are deferred into shares, they will be deferred for three years instead of two. In line with this, the clawback period will be increased from two years to three.

15.3 Chief Investment Officer incentivisation arrangements

It is proposed that the policy be amended to accommodate Rod Paris’s continued participation in the Standard Life Investment Limited’s personal and company bonus plans when he joins the Board of the Combined Group and that, where these bonuses are deferred into shares, the deferral and clawback periods will be extended from two years to three. It is also proposed that the policy be amended to permit him to participate in the Standard Life Executive Long Term Incentive Plan, with performance measures linked to the asset management business, and to allow him to be awarded up to 865% of salary in bonus and long-term incentive awards.

15.4 Non-executive director fees

It is proposed that the policy be amended to allow supplementary fees to be paid for membership of committees and chairmanship of subsidiary boards.

16. Structure of the Scheme

16.1 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, the FCA and other regulators and obtaining clearances from the appropriate competition authorities. On 8 May, the German Federal Cartel Office unconditionally cleared the Merger. This fulfils condition (i) of the Scheme.

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 despatched 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.

16.2 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 amounts of less than £3 will not be paid to Aberdeen Shareholders but will be retained for the benefit of Standard Life.

17 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 in a winding-up of Standard Life. As with the Existing Standard Life Shares, the New Shares will not be subject to any redemption provisions.

18. 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.

19. 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.

20. 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.

21. 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 in aggregate representing 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.

22. Standard Life General Meeting and the Standard Life Merger Resolution

As described in paragraph 16.1 of this Part I, the Scheme is conditional on, among other things, Standard Life Shareholders passing the Standard Life Merger Resolution at the Standard Life General Meeting, which will be held at 2.00 p.m. on 19 June 2017 at the Assembly Rooms, 54 George Street, Edinburgh EH2 2LR:

- that the Merger be approved as a Class 1 transaction and that the Standard Life Directors be authorised to implement the Merger; and
- that the Standard Life Directors be authorised to allot the New Shares up to an aggregate nominal amount of £80,259,685 in connection with any allotment of New Shares:
 - pursuant to the Scheme; or
 - that would be required to be issued in accordance with certain amendments to be made to the articles of association of Aberdeen in connection with the Scheme.

The authority to allot the New Shares represents approximately 51% of the total issued ordinary share capital of Standard Life as at the Latest Practicable Date (as at the Latest Practicable Date, Standard Life did not hold any shares in treasury). The passing of the Standard Life Merger Resolution requires more than 50% of the votes cast in respect of the Standard Life Merger Resolution to be in favour of it. If the Standard Life Merger Resolution is passed, this authority will expire on 31 December 2017 (unless previously revoked, renewed, varied or extended).

In addition to the Standard Life Merger Resolution, Standard Life Shareholders will also be asked to approve the amended Remuneration Policy at the Standard Life General Meeting.

The full text of the Standard Life Merger Resolution and other matters is set out in the Notice of the Standard Life General Meeting attached to this Circular. If the Standard Life Merger Resolution is not passed, the Scheme will not proceed.

23. Action to be taken

Your support is important to us. Please read the notes to the Notice of the Standard Life General Meeting on page 106 of this Circular for an explanation of how to attend and vote at the Standard Life General Meeting, including how to appoint a proxy to attend and vote on your behalf.

If you have any queries relating to this Circular or attending and voting at the Standard Life General Meeting, please telephone Standard Life Shareholder Services on 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 to help with our training. Call charges will vary.

24. Further information

Your attention is drawn to the further information set out in Parts II to VIII (including *Questions and Answers* in Part II). In particular, Standard Life Shareholders should consider fully and carefully the risk factors associated with the Combined Group and the Merger, which are set out in Part III (*Risk Factors*).

25. Recommendation

The Standard Life Directors have received financial advice from Goldman Sachs International in relation to the Merger. In providing their advice to the Standard Life Directors, Goldman Sachs International has relied upon the Standard Life Directors' commercial assessment of the Merger.

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, as the Standard Life Directors have irrevocably undertaken to do, or to procure to do, in respect of their own individual beneficial holdings, which amount to 3,801,339 Standard Life Shares, representing approximately 0.2% of Standard Life's total issued 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 having irrevocably undertaken to vote in favour of the Scheme in respect of their own beneficial holdings.

Yours sincerely,



Sir Gerry Grimstone
Chairman

PART II QUESTIONS AND ANSWERS

To help you understand what is involved, the following sets out some questions and provides brief responses. Standard Life shareholders should carefully read both the questions and the answers below and the Circular as a whole. In the event of any inconsistency between the contents of this Questions and Answers section and the contents of the other parts of this Circular, the other parts of this Circular shall prevail.

Q: What is being proposed?

A: We are proposing an all-share merger of Standard Life plc (“**Standard Life**”) and Aberdeen Asset Management PLC (“**Aberdeen**”). Under the terms of the merger, Aberdeen’s shareholders will be entitled to receive 0.757 of a new Standard Life share in exchange for each ordinary share they currently hold in Aberdeen (instead of any cash).

Q: Why have you decided to merge with Aberdeen?

A: The Board of Standard Life believes there is a compelling strategic and financial rationale for the merger with Aberdeen and that the merger will:

- deliver scale by creating one of the largest active investment managers globally;
- bring together two highly complementary businesses with market-leading investment capabilities, to deliver improved choice and service to clients;
- create a world class investment group with strong brands and position us to meet the evolving needs of our clients;
- drive greater operational efficiency, which will contribute to generating attractive and sustainable returns for shareholders, including dividends. We expect the merger to deliver pre-tax cost savings of approximately £200 million per annum, such cost savings to take full effect three years after completion of the merger; and
- result in a material earnings accretion for Standard Life’s and Aberdeen’s shareholders, as a result of the expected pre-tax cost savings.

Q: From the terms of the deal, it looks more like a Standard Life takeover?

A: No, both Standard Life and Aberdeen see this as a merger. The combined group will draw on its broad expertise and harness the talent in both companies to optimise the benefits for clients and shareholders of both Standard Life and Aberdeen.

Q: In what way will Standard Life’s or Aberdeen’s brand be affected?

A: Both the Standard Life and the Aberdeen brands are valuable assets and will remain part of our portfolio of brands. It is intended that following the merger, Standard Life plc will be renamed Standard Life Aberdeen plc.

Q: What will the new management team look like?

A: Standard Life’s chairman, 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. In addition, Aberdeen’s Chief Financial Officer (“CFO”), Bill Rattray, and Standard Life Investment Limited’s Chief Investment Officer (“CIO”), Rod Paris, will become CFO and CIO, respectively. Following completion of the merger, the Board of the combined group will comprise equal numbers of directors from Standard Life and Aberdeen. A full list of the proposed board of the combined group is included in the Circular.

Q: Where will the combined group be headquartered?

A: The combined group will be headquartered in Scotland.

Q: How will having two CEOs work?

A: Both Keith Skeoch and Martin Gilbert have unique and complementary skills and experience, which will benefit the business in the long term. Both also have decades of shared experience across the industry and a shared commitment to investment excellence.

Keith and Martin will share responsibility for core aspects of the role such as the Executive Committee, developing and promoting the combined group’s 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.
- Keith and Martin will have joint accountability for Communications and the post-merger Integration Programme.

A Chairman’s Committee will be established to ensure effective coordination as the combined group moves forward after completion of the merger. It will be chaired by Sir Gerry Grimstone, with Simon Troughton, Keith Skeoch and Martin Gilbert as its other members.

Q: Are you looking to acquire or merge with any further businesses?

A: We never comment on potential merger and acquisitions activity. However, as you would expect, we plan to focus on getting approval from our shareholders and other stakeholders for this merger and successfully combining our businesses as and when it completes.

Q: What is an all-share merger?

A: In an all-share merger, the shareholders of the offeree company (Aberdeen) will receive shares in the offeror company (Standard Life) in exchange for their current shares (in Aberdeen). Existing Standard Life shareholders will continue to hold the same number of shares in Standard Life.

Q: What does this mean for me as a Standard Life shareholder?

A: At completion of the merger, you will continue to hold the same number of shares in Standard Life as you held immediately prior to completion. Aberdeen shareholders will be issued with new shares in Standard Life in consideration for the acquisition by Standard Life of Aberdeen. The combination of existing Standard Life shares and the new shares issued to Aberdeen shareholders will increase the total Standard Life shares in issue by 51%. Following completion of the merger, Aberdeen shareholders will own approximately 33.3% of the combined group and the Standard Life shareholders will own approximately 66.7% of the combined group.

Q: If Standard Life shareholders own 66.7% of the combined group, does this mean the value of my shares will be approximately 66.7% of their current value following completion?

A: No. As at the date of this document, Standard Life has 1,979,413,496 shares in issue and a market capitalisation of £7.5 billion. As part of the merger, Standard Life will issue 999.8 million new shares to Aberdeen shareholders, representing a total value of £3.79 billion in consideration for the acquisition of the Aberdeen group. Following completion of the merger, you will hold the same number of shares but this will be in the combined group.

Q: Will I receive any additional shares if the merger is approved?

A: No, there is no plan, as part of this all-share merger, to issue additional shares to existing Standard Life shareholders.

Q: How will the merger be implemented?

A: We propose to implement the merger by way of a Court sanctioned scheme of arrangement of Aberdeen. The scheme of arrangement will become effective if approved by a majority in number representing 75% of Aberdeen's shareholders who are present and who vote at (i) the relevant court meeting; and (if subsequently sanctioned by the court) (ii) the Aberdeen general meeting. If effective, the scheme will be binding on all shareholders of Aberdeen, including those who did not vote or who voted against it. The merger is also conditional upon approval by Standard Life's shareholders at the Standard Life general meeting.

Q: If this is an Aberdeen scheme of arrangement, what am I being asked to approve?

A: We are asking you to approve two resolutions. Firstly, due to its size, the merger constitutes a "class 1" transaction for Standard Life and, as such, you are being asked to approve the merger and to authorise Standard Life's directors to take all such actions necessary in connection with the merger. In connection with this, because Standard Life is issuing new Standard Life shares to Aberdeen's shareholders in exchange for their current shares in Aberdeen, we are asking you to authorise the allotment and issue of new Standard Life shares.

Secondly, you are being asked to approve amendments to Standard Life's remuneration policy.

The exact wording of the resolutions is set out in full in the Notice of the Standard Life general meeting, contained in the Circular.

Q: What regulatory approvals are required for the merger?

A: The merger is subject to certain regulatory and anti-trust approvals, including approvals from the UK Competition and Markets Authority, the Prudential Regulation Authority and the Financial Conduct Authority.

Q: What needs to happen for the merger to complete?

A: If Standard Life's shareholders approve the merger at the Standard Life general meeting and the scheme of arrangement is approved by the necessary majority of Aberdeen's shareholders at both the court meeting and the general meeting, and is sanctioned by the court and all conditions are satisfied or waived, then it is expected that dealings in, and the listing of, Aberdeen shares will be suspended on 11 August 2017. Following that, it is expected that the new shares will be admitted to, and dealings will commence on, the London Stock Exchange by 8.00 a.m. on 14 August 2017.

Q: How will the merger affect my dividends?

A: As announced on 24 February 2017, you will receive a final dividend for the year ended 31 December 2016 of 13.35 pence for each Standard Life share you hold (subject to shareholder approval at the Standard Life annual general meeting, which is scheduled for 16 May 2017 and the terms of the Standard Life Articles of Association).

Following the merger and subject to the approval of the Board of the combined group, we intend to continue with our progressive dividend policy.

Q: Does the merger affect my policy with Standard Life Assurance Limited or my investment in Standard Life unit trusts?

A: Completion of the merger is not expected to have any adverse effect or impact on your policy or investments.

Q: How will the merger affect my tax position?

A: While we are not able to provide tax advice, we do not expect the merger to give rise to any UK tax consequences for existing Standard Life shareholders. As always, if you are in any doubt as to your tax position, appropriate professional advice should be sought.

Q: How do I vote?

A: We intend to hold a general meeting at the Assembly Rooms, 54 George Street, Edinburgh EH2 2LR on 19 June 2017 at 2.00 p.m. to consider the merger and to seek shareholder approval. The Circular contains the full notice of this general meeting. It's important that you have your say. If you have been sent a voting form, please complete and return this by 6.00 p.m. on 15 June 2017 or visit www.standardlifeshareportal.com to complete a voting form online.

PART III RISK FACTORS

Prior to making any decision to vote in favour of the Standard Life Resolutions at the Standard Life General Meeting, Standard Life Shareholders should consider the factors and the risks associated with the Merger and, in the case of the Combined Group, the business and the industry in which it will operate, together with all other information contained in this Circular, including, in particular, the risk factors described below. The risks disclosed are those that: (i) are material risks to the Merger; (ii) will be material new risks to the Combined Group as a result of the Merger; or (iii) are existing material risks for the Standard Life Group that will be impacted by the Merger. Due to the fact that some 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 that 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.

There are other risks relating to the Standard Life Group and the Standard Life Shares that are not within the scope of risk categories outlined above and such risks can be found in the Prospectus.

The following is not an exhaustive list or explanation of all the risks that may affect the Standard Life Shares, the Standard Life Group or the Combined Group. Additional risks and uncertainties relating to the Standard Life Shares, the Standard Life 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 and the Combined Group, and, if any such risk should materialise, the price of the Standard Life 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, and/or the Combined Group's, business, financial results, financial condition and/or prospects or the market price of the Standard Life Shares.

PART A RISKS RELATING TO THE STANDARD LIFE GROUP, THE ABERDEEN GROUP AND, IF THE MERGER COMPLETES, THE COMBINED GROUP

- 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. *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 the 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. This in turn may have a material effect on the business of the Standard Life Group and 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 Aberdeen Group contain a number of entities that rely on such passporting arrangements and market infrastructure access in relation to aspects of their business in the EU. As such, the UK's departure from the EU may have an adverse effect on the operating model and business of Standard Life Group and 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 occur, what the outcome might be should it occur, 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 businesses 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, in particular 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.

3. *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 their 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 and 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 business, 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.

4. *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, an industry 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, 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.

5. *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.

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

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-authorized 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.

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.

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.

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 the 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.

7. *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 the 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.

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 regulatory capital that the sub-group and for 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, the 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.

8. *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.

9. *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.

10. *Attempts by third parties or malicious insiders to disrupt the Standard Life 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.

11. *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 currently 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.

PART B RISKS RELATING TO THE MERGER

12. *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.

13. *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 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.

14. *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 that 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.

15. *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 Circular and the completion of the Merger, changes to existing laws or regulations or to the interpretation thereof will be made or announced that

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.

- 16. *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.³ 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.

PART C RISKS RELATING TO THE STANDARD LIFE SHARES

- 17. *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 III, 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.

- 18. *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 on 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 the future.

³ Please see paragraph 13 of Part VII (Additional information) for details of how these dilution estimates were calculated.

PART IV
PRESENTATION OF INFORMATION

1. Website and media information

The contents of Standard Life's website (www.standardlife.com) and Aberdeen's website (www.aberdeen-asset.com), the contents of any website accessible from hyperlinks on such websites or any other website referred to in this Circular do not form part of this Circular and Standard Life Shareholders 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.

2. Forward-looking statements

This Circular (including information incorporated by reference into this Circular), 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 Circular 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 Circular 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 that 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 Circular as set out in paragraph 15 of Part VII (*Additional information*) and available for inspection as set out in paragraph 14 of Part VII (*Additional information*).

All forward-looking statements contained in this Circular 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 Circular that could cause actual results to differ before taking any action in respect of the Merger. Specific reference is made to Part I (*Letter from the Chairman*) and Part III (*Risk Factors*).

Each forward-looking statement speaks only as at the date of this Circular. Neither Standard Life nor Aberdeen, nor their respective groups, assumes any obligation to update or correct the information contained in this Circular (whether as a result of new information, future events or otherwise), except as required by applicable law. In light of these risks, results could differ materially from those stated, implied or inferred from the forward-looking statements contained in this Circular.

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 9 of Part VII (*Additional information*).

3. No forecasts or estimates

No statement in this Circular (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 Circular 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.

4. Pro forma financial information relating to the Combined Group

In this Circular, any reference to *pro forma* financial information is to information that has been extracted without material adjustment from the unaudited *pro forma* financial information contained in Part VI

(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 Listing Rule 13.3.3R 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.

5. Other information relating to the Aberdeen Group

This Circular contains information regarding the Aberdeen Group that has been incorporated by reference or accurately reproduced from the information provided to Standard Life by Aberdeen for inclusion in this Circular or the Prospectus. 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.

6. 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 11 of Part VII (*Additional information*).

7. Sources and bases

Information on sources and bases is provided in paragraph 13 of Part VII (*Additional information*).

8. Defined terms

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

PART V
HISTORICAL FINANCIAL INFORMATION IN RELATION TO ABERDEEN AND
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 Part V from Part B of Part XI (*Financial information in relation to Aberdeen and the Aberdeen Group*) of the Prospectus.

The Standard Life Directors confirm that no material adjustment needs to be made to the financial information of the Aberdeen Group for the financial years ended 30 September 2016, 2015 and 2014 or for the half-year ended 31 March 2017 to achieve consistency with the Standard Life Group's accounting policies for the financial year ended 31 December 2016. The Aberdeen Group's accounting policies under which this financial information was prepared are not materially different from the Standard Life Group's accounting policies.

Significant Accounting Estimates - Intangible assets related to open-ended fund contracts

The Standard Life Group and the Aberdeen Group both estimate the useful life of intangibles related to open-ended fund management contracts. The Aberdeen Group has through the period to 30 September 2016 held intangible assets with a carrying value of £79.3 million, which had been assigned an indefinite life whereas the Standard Life Group currently assigns all such contracts a definite life. With reference to the Aberdeen condensed unaudited interim financial statements for the six months ended 31 March 2017 incorporated by reference into this Part from Part B of Part XI of the Prospectus, the Aberdeen Group have changed this estimate of the future useful life of these contracts to a life of five years with effect from 1 October 2016 and will therefore amortise the asset over this period. Accordingly, additional amortisation of £7.9 million on these contracts has been recognised in the income statement of the Aberdeen Group for the six months ended 31 March 2017. This use of an indefinite life in the Aberdeen Group financial information resulted in a different basis for estimating amortisation, which has not been reflected in a reconciliation of the financial information of the Aberdeen Group as it does not represent a difference in accounting policy.

PART VI
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 VI has been prepared for illustrative purposes only and, by its nature, addresses a hypothetical situation that 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 VI 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 Notes 4 & 5 £m | |
| Revenue | | | | | |
| Gross earned premium | 2,139 | | | | 2,139 |
| Premium ceded to reinsurers | (47) | | | | (47) |
| Net earned premium | 2,092 | | | | 2,092 |
| 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 |
| Total revenue | 18,729 | 1,137 | 18 | | 19,884 |
| Expenses | | | | | |
| Claims and benefits paid | 4,801 | | | | 4,801 |
| Claim recoveries from reinsurers | (492) | | | | (492) |
| Net insurance benefits and claims | 4,309 | | | | 4,309 |
| 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 |
| Total administrative expenses | 1,556 | 913 | 18 | 95 | 2,582 |
| Provision for annuity sales practices | 175 | | | | 175 |
| Change in liability for third party interest in consolidated funds | 296 | | | | 296 |
| Finance costs | 82 | 2 | | | 84 |
| Total expenses | 18,003 | 915 | 18 | 95 | 19,031 |
| Share of profit from associates and joint ventures | 63 | | | | 63 |
| Profit before tax | 789 | 222 | - | (95) | 916 |
| Tax expense attributable to policyholders' returns | 302 | | | | 302 |
| Profit before tax expense attributable to equity holders' profits | 487 | 222 | - | (95) | 614 |
| Total tax expense | 370 | 33 | | (2) | 401 |
| Less: Tax attributable to policyholders' returns | (302) | | | | (302) |
| Tax expense attributable to equity holders' profits | 68 | 33 | | (2) | 99 |
| Profit for the year | 419 | 189 | - | (93) | 515 |
| Attributable to: | | | | | |
| Equity holders of Standard Life plc | 368 | 165 | - | (93) | 440 |
| Other equity holders | | 25 | - | - | 25 |
| Non-controlling interests | 51 | (1) | - | - | 50 |
| | 419 | 189 | - | (93) | 515 |

Notes

1. The figures for the Standard Life Group have been extracted without material adjustment from the audited financial statements of the Standard Life Group for the year ended 31 December 2016 incorporated by reference into this Circular as set out in paragraph 15 of Part VII (*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 Circular as set out in paragraph 15 of Part VII (*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 has 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 Notes (4), (5), (6) & (7) £m | |
| Assets | | | | | |
| 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 |
| Total assets | 190,495 | 5,114 | - | 2,064 | 197,673 |
| Liabilities | | | | | |
| 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 |
| Total liabilities | 185,851 | 3,065 | - | (2) | 188,914 |
| Net assets | 4,644 | 2,049 | - | 2,066 | 8,759 |

Notes

- (1) The net assets of the Standard Life Group have been extracted without material adjustment from the audited financial statements of the Standard Life Group as at 31 December 2016 incorporated by reference into this Circular as set out in paragraph 15 of Part VII (*Additional information*).
- (2) The net assets of the Aberdeen Group have been extracted without material adjustment from the unaudited condensed interim financial statements of the Aberdeen Group as at 31 March 2017 incorporated by reference into this Circular as set out in paragraph 15 of Part VII (*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 has 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 has 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 £985 million 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 "Interest-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 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 that 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 are 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 |
| Goodwill and other intangibles arising on acquisition | | 3,602 |
| Less Aberdeen Group intangible assets already recognised | (ii)(c) | (1,439) |
| Pro forma adjustment required | | 2,163 |

- (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 from 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 Effective 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 Merger 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 share premium. A related current tax asset of £2 million representing the tax credit on those transaction costs that 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 paragraph 12 of Part I (*Letter from the Chairman*) of the Circular, 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 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 VI of the Company's circular dated 9 May 2017 (the "**Circular**") 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 13.3.3R of the Listing Rules of the UK Listing Authority (the "**Listing Rules**") and is given for the purpose of complying with that Listing Rule 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 13.3.3R of the Listing Rules.

It is our responsibility to form an opinion, as required by item 13.3.3R of the Listing Rules 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 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 which we may have to shareholders of the Company as a result of

PricewaterhouseCoopers LLP, 1 Embankment Place, London, WC2N 6RH
T: +44 (0) 2075 835 000, F: +44 (0) 2072 124 652, www.pwc.co.uk

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the inclusion of this report in the Circular, 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 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 13.4.1R(6) of the Listing Rules, consenting to its inclusion in the Circular.

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.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

**PART VII
ADDITIONAL INFORMATION**

1. Responsibility Statement

The Standard Life Directors, whose names appear below, and Standard Life accept responsibility for the information contained in this Circular. To the best of the knowledge of the Standard Life Directors and Standard Life (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this Circular is in accordance with the facts and this Circular 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 plc is registered at Companies House under company number SC286832 and is UK tax resident.

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. Standard Life Directors, Aberdeen Key Individuals, Proposed Directors and the Board of the Combined Group

Standard Life Directors

Sir Gerry Grimstone (*Chairman*)

Kevin Parry (*Senior Independent Director*)

Keith Skeoch (*Chief Executive Officer*)*

Luke Savage (*Chief Financial Officer*)*

Colin Clark (*Director, Global Client Group*)*

Barry O'Dwyer (*Chief Executive Officer, Pensions and Savings*)*

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

Aberdeen Key Individuals

Simon Troughton (*Chairman*)

Martin Gilbert (*Chief Executive Officer*)

Bill Rattray (*Finance Director*)

Proposed Directors

Simon Troughton (*Chairman*)

Martin Gilbert (*Chief Executive Officer*)*

Bill Rattray (*Finance Director*)*

Rod Paris (*Chief Investment Officer*)*

Julie Chakraverty (*Non-Executive Director*)

Gerhard Fusenig (*Non-Executive Director*)

Richard Mully (*Non-Executive Director*)

Jutta af Rosenborg (*Non-Executive Director*)

Akira Suzuki (*Non-Executive Director*)

* denotes Executive Director

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 follows:

| Name | Position post-completion of the Merger |
|---------------------|---|
| 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 Rosenborg | Non-Executive Director |
| Lynne Peacock | Non-Executive Director |
| Martin Pike | Non-Executive Director |
| Melanie Gee | Non-Executive Director |
| Richard Mully | Non-Executive Director |

4. 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 Executive Officers | 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 Executive Officers | 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* |
| • 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.

* subject to regulatory authorisation

5. Conflicts of Interest

Except as set out below, none of the Standard Life Directors, the Proposed Directors or 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 Circular as set out in paragraph 15 of this Part VII and available for inspection as set out in paragraph 14 of this Part VII. 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.

6. 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 that applies to accounting periods beginning on or after 17 June 2016 and, as at the date of this Circular, Standard Life is in compliance with its provisions.

7. 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.

7.1 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.

Appointment of non-Executive Directors to the Audit 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 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 that 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 judgements that 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 that requires 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 such 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 and 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 that 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 that 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 and 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 that 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 coordination 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 annual general meeting, 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 resigns, 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 with 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 that 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 coordination 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.

7.2 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.

Appointment 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 the 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.

7.3 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 are 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 Rosenberg.

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 agrees the guidelines to which all incentive plans should operate;
- oversees 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 is made aware of any material divergence from the remuneration principles and policy that 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 is made aware of any payment to any other Group employee that 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 that 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 is 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;
- agrees the policy for authorising claims for expenses from the Chairman, the Executive Directors and the Non-Executive Directors, and monitor the level 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 monitors compliance with them annually.

Activities

The Remuneration Committee meets at least two times a year and otherwise as required.

7.4 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, all of whom 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 additional 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 the 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.

7.5 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 that 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 that 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.

8. Litigation

8.1 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) that may have, or have had during the last 12 months prior to the date of this Circular, a significant effect on the Standard Life Group's financial position or profitability.

8.2 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) that may have, or have had during the last 12 months prior to the date of this Circular, a significant effect on the Aberdeen Group's financial position or profitability.

9. Working Capital

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 Circular.

10. 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.

11. Synergy Information

Paragraph 5 of Part I (*Letter from the Chairman*) 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 Circular. 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 that 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 Circular 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.

12. 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 written consent to the inclusion in this Circular 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 Circular 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 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 VI (*Unaudited pro forma financial information*) in this Circular, in the form and context in which it appears.

No adviser has an interest in the Merger that is material.

13. 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 Circular 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 Circular. 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 Circular.

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 379.1 pence (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 13 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 approximately 70,000⁴ 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 Standard Life Shares 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 Circular, the actual number of New Shares may differ from the total in this Circular.

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 or from Bloomberg.

⁴ 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 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 Circular assume that the Merger would be completed by autumn 2017.

This Circular contains certain financial information and measures that are not calculated in accordance with IFRS.

Certain figures included in this Circular 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.

14. 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 Circular and ending on the Effective Date at Standard Life's registered office at Standard Life House, 30 Lothian Road, Edinburgh EH1 2DH, Scotland and at the offices of Standard Life's legal advisers, Slaughter and May, at One Bunhill Row, London EC1Y 8YY:

- the Standard Life Articles of Association;
- the Prospectus;
- this 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;
- 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 report by PwC set out in Part VI (*Unaudited pro forma financial information*); and
- the consent letters referred to in paragraph 12 of this Part VII.

15. Information Incorporated by Reference

The following sections of the Prospectus are incorporated by reference into this Circular. Where the information described below itself incorporates further information by reference to another document, that further information is not intended to form part of this Circular for any purpose.

The Prospectus has been published by Standard Life and can be viewed on its website (www.standardlife.com). The Prospectus contains information regarding, among other things, the reasons for the Merger, further details concerning Standard Life and Aberdeen, historical financial information of Standard Life, the Standard Life Directors and the New Shares.

Information incorporated by reference

Sections of the Prospectus incorporated by reference

Information on Standard Life

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| Taxation | Paragraph 1 of Part XIV |
| Interests of the Standard Life Directors and Standard Life senior management in Standard Life Shares | Paragraph 2 of Part XV |
| Service contracts and letters of appointment | Paragraph 5 of Part XV |
| Standard Life Share Plans | Paragraph 9 of Part XV |
| Major shareholders | Paragraph 4 of Part XVI |
| Related party transactions | Paragraph 8 of Part XVI |
| Material contracts | Paragraph 9 of Part XVI |

Information on Aberdeen

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| Historical financial information relating to the Aberdeen Group | Part XI |
| Material contracts | Paragraph 9 of Part XVI |

In addition, the following documents are incorporated by reference into this Circular:

- Aberdeen 2014 Annual Report;
- Aberdeen 2015 Annual Report;
- Aberdeen 2016 Annual Report;
- Aberdeen 2016 Interim Results;
- Aberdeen 2017 Interim Results;
- Standard Life 2014 Annual Report;
- Standard Life 2015 Annual Report; and
- Standard Life 2016 Annual Report.

PART VIII DEFINITIONS

1. Interpretation

- 1.1 Unless otherwise stated, all times referred to in this Circular are references to UK time.
- 1.2 All references to “Pound Sterling”, “penny”, “pence” or “£” are to the lawful currency of the UK.
- 1.3 All references to “euro” or “€” are to the lawful currency of the EU (as adopted by certain member states).
- 1.4 All references to “US\$” are to the lawful currency of the US.
- 1.5 Unless otherwise indicated, the financial information contained in this Circular has been expressed in Pound Sterling, which is the reporting currency of the Standard Life Group and the Aberdeen Group.
- 1.6 Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.
- 1.7 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 Circular unless the context otherwise requires:

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| Aberdeen | means Aberdeen Asset Management PLC, incorporated in Scotland with registered number SC082015; |
| Aberdeen 2014 Annual Report | 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); |
| Aberdeen 2015 Annual Report | 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); |
| Aberdeen 2016 Annual Report | 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); |
| Aberdeen 2016 Interim Results | 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); |

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| Aberdeen 2017 Interim Results | 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); |
| Aberdeen Board | means the Aberdeen Directors collectively; |
| Aberdeen Court Hearing | 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; |
| Aberdeen Court Meeting | 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; |
| Aberdeen Court Order | means the order of the Court sanctioning the Scheme under section 899 of the CA 2006; |
| Aberdeen Directors | means the directors of Aberdeen as at the date of this Circular or, where the context so requires, the directors of Aberdeen from time to time; |
| Aberdeen General Meeting | means the general meeting of Aberdeen Shareholders to be convened to consider and, if thought fit, pass, <i>inter alia</i> , a special resolution in relation to the Scheme and the Merger; |
| Aberdeen Group | means Aberdeen and its Subsidiaries and its Subsidiary undertakings from time to time and “member of the Aberdeen Group” shall be construed accordingly; |
| Aberdeen Meetings | means the Aberdeen Court Meeting and the Aberdeen General Meeting; |
| Aberdeen Preference Shares | means the 200,000,000 convertible redeemable preference shares of 1 penny each currently in Aberdeen, which are held by MUTB; |
| Aberdeen Recommending Directors | means the Aberdeen Directors other than Akira Suzuki, a non-executive director of Aberdeen appointed by MUTB; |
| Aberdeen Shareholders | means the holders of Aberdeen Shares from time to time (any such holder being an “ Aberdeen Shareholder ”); |
| Aberdeen Shares | means the ordinary shares of 10 pence each in the capital of Aberdeen from time to time; |
| Aberdeen Share Schemes | 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; |

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| Admission | 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; |
| AIFM | has the meaning given to it in Article 4(1)(b) of the AIFMD; |
| AIFMD | 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; |
| Announcement | 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; |
| AuM | means assets under management; |
| Board of the Combined Group | means the board of directors of Standard Life post-completion of the Merger; |
| Business Day | 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; |
| CA 1985 | means the UK Companies Act 1985, as amended; |
| CA 2006 | means the UK Companies Act 2006, as amended; |
| Circular | means this document 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); |
| City Code | means the City Code on Takeovers and Mergers; |
| Closing Price | means the closing middle market quotations of a share derived from the daily official list of the LSE; |
| Combined Group | means the enlarged group following completion of the Merger comprising the Standard Life Group and the Aberdeen Group; |
| Conditions | means the conditions to the implementation of the Merger (including the Scheme) as summarised in paragraph 16.1 of Part I (<i>Letter from the Chairman</i>) and set out in Part IV of the Scheme Document; |
| Consideration | 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; |

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| Continuing Directors | 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; |
| Cooperation Agreement | means the cooperation agreement dated 6 March 2017 entered into between Standard Life and Aberdeen; |
| Court | means the Court of Session in Edinburgh, Scotland; |
| CRD IV | 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); |
| CRD IV Directive | 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; |
| CRD IV Regulation | 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; |
| CREST | means the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations); |
| CREST Manual | means the CREST manual issued by Euroclear; |
| CREST Proxy Instruction | means the instruction whereby the CREST members send a CREST message appointing a proxy for the Standard Life General Meeting and instructing the proxy how to vote and containing the information set out in the CREST Manual; |
| CREST Regulations | means the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended and for the time being in force; |
| Effective Date | means the date on which: <ul style="list-style-type: none"> (a) the Scheme becomes effective in accordance with its terms; or (b) if Standard Life elects to implement the Merger by way of an Offer, the Offer becomes or is declared unconditional in all respects; |
| EU | an economic and political union of 28 member states that are located primarily in Europe; |

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| Euroclear | means Euroclear UK & Ireland Limited; |
| Exchange Ratio | means the exchange ratio of 0.757 of a New Share in exchange for each Aberdeen Share; |
| Excluded Shares | 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) that are beneficially owned by Standard Life or any members of the Standard Life Group; (iii) that Standard Life and Aberdeen agree in writing will not be subject to the Scheme; or (iv) held by Aberdeen in treasury; |
| Executive Committee | means the executive committee of Standard Life; |
| Executive Directors | means the executive directors of Standard Life as at the date of this Circular, whose names appear on pages 50-51 of this Circular or, where the context so requires, the executive directors of Standard Life from time to time; |
| Existing Standard Life Shareholders | means the holders of Existing Standard Life Shares (any such holder being an “ Existing Standard Life Shareholder ”); |
| Existing Standard Life Shares | means the Standard Life Shares in issue at the Latest Practicable Date; |
| FCA | means the Financial Conduct Authority; |
| Fenchurch | means Fenchurch Advisory Partners LLP of Tower 42, 25 Old Broad Street, London EC2N 1HQ; |
| FSMA | means the Financial Services and Markets Act 2000 (as amended, modified, re-enacted or replaced from time to time); |
| Goldman Sachs International | means Goldman Sachs International of Peterborough Court, 133 Fleet Street, London EC4A 2BB; |
| ICAAP | means the Internal Capital Adequacy Assessment Process; |
| IFRS | means the International Financial Reporting Standard(s); |
| Ignis | means Ignis Asset Management Limited; |
| IMO | means the Integration Management Office; |
| Latest Practicable Date | means 5 May 2017, being the latest practicable date prior to the publication of this Circular; |
| Listing Rules or LR | 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); |
| Lloyds | means Lloyds Banking Group plc and references to Lloyds include any of its affiliates from time to time; |
| London Stock Exchange or LSE | means London Stock Exchange plc; |

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| Long Stop Date | means 31 December 2017 or such later date as may be agreed in writing by Standard Life and Aberdeen (with the Panel’s consent and as the Court may approve (if such approval is required)); |
| Merger | 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 Circular); |
| MUTB | means Mitsubishi UFJ Trust and Banking Corporation; |
| New Shares | means the new Standard Life Shares proposed to be issued pursuant to the Scheme or any Offer (each individual share a “New Share” as the context so requires); |
| Non-Executive Directors | means the non-executive directors of Standard Life as at the date of this Circular, whose names appear on pages 50-51 of this Circular or, where the context so requires, the non-executive directors of Standard Life from time to time; |
| Notice of the Standard Life General Meeting | means the notice of the Standard Life General Meeting (together with the accompanying notes) contained in this Circular; |
| Offer | 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; |
| Official List | means the official list maintained by the UKLA in accordance with section 74(1) of FSMA for the purposes of Part VI of FSMA; |
| Panel | means the Panel on Takeovers and Mergers; |
| PD Regulation | means the Prospectus Directive Regulation EU (809/2004/EC), as amended; |
| PRA | means the Prudential Regulation Authority as defined by FSMA; |
| Proposed Directors | means the individuals who will become directors of the Combined Group following the Merger, as set out in paragraph 3 of Part VII (<i>Additional information</i>) of this Circular; |
| Prospectus | means the prospectus dated 9 May 2017, 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); |
| Prospectus Rules or PR | 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; |

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| PwC | 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; |
| Quantified Financial Benefits Statement | has the meaning given in paragraph 11 of Part VII (<i>Additional information</i>); |
| Registrar | 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; |
| Registrar of Companies | means the Registrar of Companies in Scotland; |
| Regulatory Information Service | means a regulatory information service as defined in the Listing Rules; |
| Remuneration Policy | means the directors’ remuneration policy set out in Part B of the Appendix to this Circular, which will be proposed for approval by the Standard Life Shareholders at the Standard Life General Meeting; |
| Restricted Jurisdiction | 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; |
| Scheme | 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; |
| Scheme Document | 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; |
| Scheme Record Time | means the time and date specified as such in the Scheme Document or such later time as Standard Life and Aberdeen may agree; |
| Scheme Shareholders | means holders of Scheme Shares (any such holder being a “ Scheme Shareholder ”); |
| Scheme Shares | means the Aberdeen Shares: <ul style="list-style-type: none"> (a) in issue at the date of the Scheme Document; (b) issued after the date of the Scheme Document but prior to the Voting Record Time; or (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), <p>in each case excluding any Excluded Shares;</p> |

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| Solvency II | 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); |
| Solvency II Directive | 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; |
| Solvency II Regulation | 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; |
| Standard Life or Company | means Standard Life plc, to be renamed Standard Life Aberdeen plc on or around the Effective Date, incorporated in Scotland with registered number SC286832; |
| Standard Life 2014 Annual Report | 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); |
| Standard Life 2015 Annual Report | 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); |
| Standard Life 2016 Annual Report | 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); |
| Standard Life Articles of Association | 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; |
| Standard Life Board | means the Standard Life directors collectively; |
| Standard Life Chairman's Committee | means the proposed committee for ensuring effective co-ordination of the Combined Group following completion of the Merger; |
| Standard Life Directors | means the Executive Directors and Non-Executive Directors of Standard Life as at the Latest Practicable Date, whose names appear in paragraph 3 of Part VII (<i>Additional information</i>) of this Circular; |
| Standard Life directors | means the directors of Standard Life from time to time; |

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| Standard Life General Meeting | 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 this Circular (including any adjournment thereof); |
| Standard Life Group | means Standard Life and its Subsidiaries and its Subsidiary undertakings from time to time; |
| Standard Life Investments | means the relevant reportable segment of the Standard Life Group; |
| Standard Life Merger Resolution | 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 at Resolution 1 in the Notice of the Standard Life General Meeting contained in this Circular; |
| Standard Life Resolutions | 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 this Circular; |
| Standard Life Senior Manager | means the member of the senior management of Standard Life, as set out in paragraph 1.3 of Part XV (<i>Directors, Proposed Directors, Senior Manager and Corporate Governance</i>) of the Prospectus; |
| Standard Life Share Account | 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; |
| Standard Life Share Plans | means those set out in paragraph 9 of Part XV (<i>Directors, Proposed Directors, Senior Manager and Corporate Governance</i>) of the Prospectus; |
| Standard Life Shareholders | 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 “ Standard Life Shareholder ”); |
| Standard Life Shares | means the ordinary shares of 12 ² / ₉ pence each in the capital of Standard Life; |
| Subsidiary | has the meaning given in section 1159 of CA 2006; |
| Subsidiary undertaking | has the meaning given in section 1162 of CA 2006; |
| TUPE | means the Transfer of Undertakings (Protection of Employment) Regulations 2006; |
| UCITS | means an undertaking for collective investment in transferable securities, as defined in Article 1(2) of the UCITS Directive; |

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| UCITS Directive | 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); |
| UK or United Kingdom | means the United Kingdom of Great Britain and Northern Ireland; |
| UKLA | means the FCA acting in its capacity as the authority for listing in the UK; |
| US or United States | 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; |
| VAT | means: (i) within the EU, any tax imposed by any member state in conformity with the directive of the council of the EU 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; |
| Voting Form | <p>means the voting form (whether electronic or in hard copy) for use by:</p> <ul style="list-style-type: none"> (i) Standard Life Shareholders (other than members of the Standard Life Share Account); or (ii) members of the Standard Life Share Account, <p>in connection with the Standard Life General Meeting; and</p> |
| Voting Record Time | means 6.00 p.m. on the day that is two Business Days prior to the date of the Aberdeen Court Meeting or any adjournment thereof (as the case may be). |

**APPENDIX
PART A
OVERVIEW OF PROPOSED CHANGES TO STANDARD LIFE'S DIRECTORS'
REMUNERATION POLICY FOR 2017**

In anticipation of the proposed Merger and the proposed structure of the Board of the Combined Group, the Standard Life Remuneration Committee (the “Committee”) has considered the impact of this on Standard Life’s directors’ remuneration policy to identify any amendments that may be required for the period from the Effective Date to 31 December 2017. Following completion of the Merger, the Remuneration Committee of the Combined Group will continue work already started on the development of a new remuneration policy that is intended to apply from 1 January 2018 and it will be consulting extensively with the Combined Group’s major institutional investors during this process.

The underlying principle applied by the Committee is that minimal changes should be made, as Standard Life is already part way through the 2017 performance year. However, due to the different structures in place at Standard Life and Aberdeen, if the Merger completes and Martin Gilbert and Bill Rattray join the Standard Life Board (which will be the Board of the Combined Group) before 31 December 2017, some changes would need to be made to the Standard Life remuneration policy to accommodate their existing remuneration arrangements. In addition, if the Merger completes and Rod Paris of Standard Life joins the Board of the Combined Group as Chief Investment Officer (“CIO”), some changes would be needed to accommodate his remuneration structure. These changes are detailed below.

Directors’ remuneration policy

The current Standard Life remuneration policy, as it applies to the Standard Life Directors, was approved by Standard Life Shareholders at the 2015 annual general meeting and is set out in the Standard Life 2014 Annual Report, which can be found on Standard Life’s website at www.standardlife.com/annualreport. In light of the proposed changes to the Standard Life Board, which will become effective if and when the Merger completes, the Committee has reviewed how the directors’ remuneration policy would apply for the period from the Effective Date to 31 December 2017, the end of the Standard Life financial year. While the vast majority of the directors’ remuneration policy remains fit for this purpose, it is proposed that a number of minor changes be made to the policy to apply for this period of 2017 only, to be able to accommodate the appointment of the two legacy Aberdeen executive directors (Martin Gilbert and Bill Rattray) and the appointment of Rod Paris to the Board of the Combined Group in the role of CIO following completion of the Merger.

The changes are intended as transitional arrangements to apply for the above-mentioned period of 2017 only and are conditional on the Merger completing. They are proposed in recognition of the different existing legacy remuneration structures of the proposed members of the Board of the Combined Group not previously on the Standard Life Board. Given that the directors’ remuneration policy was last approved by shareholders on 12 May 2015, the Remuneration Committee of the Combined Group will, following completion of the Merger, continue the review of directors’ remuneration already started by the current Committee, as detailed in the 2016 directors’ remuneration report, with a view to presenting a new directors’ remuneration policy to shareholders at the 2018 annual general meeting. Post-completion of the Merger, this review will also consider the strategy and structure of the Combined Group. The Remuneration Committee of the Combined Group will consult with major institutional investors in good time as part of this review as previously planned.

Changes proposed to the directors’ remuneration policy for 2017 post-completion of the Merger

An overview of the key changes that are proposed to the directors’ remuneration policy is set out below. It is intended that save for these changes the existing directors’ remuneration policy would continue to apply

to the Combined Group's executive directors. The changes set out below would be applied to new appointees to the Board of the Combined Group on a pro rata basis from the Effective Date to 31 December 2017.

- **Adoption of legacy Aberdeen variable pay award plans for Martin Gilbert and Bill Rattray for the period from the Effective Date to 31 December 2017 only.**
 - This includes variable pay in non-deferred cash and variable pay in deferred share awards.
 - Performance for this period will be measured, insofar as possible, against performance measures and objectives consistent with the legacy Aberdeen measures that applied up to the Effective Date. The actual targets for the relevant period will be agreed by the Remuneration Committee of the Combined Group following completion of the Merger and will be based, insofar as possible, on existing performance measures for these plans. Additional Merger-related targets and objectives may be set where appropriate.
 - The targets will be retrospectively disclosed in the 2017 directors' remuneration report.
 - The individuals will not participate in Standard Life's other variable pay arrangements in 2017.
- **Performance for the Standard Life Group annual bonus will continue to be measured against performance targets and objectives for the legacy Standard Life business for the period to 31 December 2017 only.**
 - Keith Skeoch and Rod Paris will participate in this plan.
 - The targets will be retrospectively disclosed in the 2017 directors' remuneration report. Additional Merger-related targets and objectives may be set where appropriate.
- **Use of the existing Standard Life Investment Limited's personal and company bonus plans for the CIO (Rod Paris).**
 - These plans were approved by Standard Life Shareholders at the 2015 annual general meeting for making awards to the Chief Executive Officer of Standard Life Investment Limited who was an executive director of Standard Life.
 - In line with the policy, these arrangements have not been used to make awards to executive directors since the appointment of the Chief Executive Officer of Standard Life Investment Limited to his role as Chief Executive Officer of the Standard Life Group in August 2015.
 - As the CIO of Standard Life Investment Limited currently participates in the personal and company bonus plan consistent with other employees of that business, it is proposed that that the policy be amended to allow him to continue to participate in these plans when he joins the Board of the Combined Group for the remainder of 2017 subject to the maximums in the existing policy of 105% and 200% of base salary, respectively.
 - In addition, he will be eligible for a bonus under the Standard Life group annual bonus plan of up to a maximum of 60% of base salary in line with the structure previously used for the Chief Executive Officer of Standard Life Investment Limited.
 - The deferred period of bonus will be amended from two to three years in line with changes made in 2016 to the Standard Life Group annual bonus plan.

- The theoretical maximum level of bonus and long-term incentive awards that may be awarded to the Chief Executive Officer of Standard Life Investment Limited on appointment is 865% of salary and the Committee proposes adopting this limit for the CIO on appointment to the Board of the Combined Group. However, it does not plan to make an additional long-term incentive award during the period to 31 December 2017 and in any event would not make an award in excess of a 400% maximum (consistent with the award the CEO of Standard Life Investment Limited previously received) in the future without consultation with shareholders. Therefore the current maximum variable opportunity would be 765% of salary.
- The base salary for the CIO will be £450,000 per annum.
- He will not be eligible to receive any further grants under the long term incentive plans during 2017.
- **Non-executive director fees – adoption of the flexibility from the Aberdeen directors’ remuneration policy.**
 - This provides for supplementary fees to be paid for additional responsibilities and activities, such as for the committee chairmen and other members of the Board committees of the Combined Group (e.g. audit, remuneration, risk and capital and nomination and governance) and the Senior Independent Director, to reflect the additional responsibilities of these positions.

Additional changes to the directors’ remuneration policy post the Effective Date of the Merger with Aberdeen

In the event the Merger completes, the Remuneration Committee of the Combined Group will be developing a remuneration policy for the Combined Group for presentation at the 2018 annual general meeting.

There is an opportunity to broaden and strengthen alignment of the interests of the Combined Group’s executive directors to shareholders and improve its position with regards to malus and clawback. Therefore two other changes are proposed at this time. These changes are intended to align the directors’ remuneration policy with good practice. They will not take effect unless the Merger completes.

- **Including Standard Life’s significant shareholding guidelines in the remuneration policy.**
 - The Committee believes the remuneration policy should encourage significant levels of long-term share ownership to ensure the executive has wealth not just income at risk, to align executives’ interests with shareholders and to incentivise continued delivery during and beyond the performance period.
 - The Committee therefore proposes the adoption of the existing Standard Life shareholding requirement into the directors’ remuneration policy to further strengthen its commitment to this objective.
- **Broadening the malus and clawback provisions.**
 - The Standard Life malus and clawback provisions will cover awards granted by the Combined Group under variable pay plans from legacy Aberdeen arrangements. These will also provide the Remuneration Committee of the Combined Group with greater discretion on application in line with regulatory guidance for all variable pay arrangements.

Treatment of awards granted under the Aberdeen variable pay award plans to Martin Gilbert and Bill Rattray prior to the Effective Date

At the Effective Date a number of options that had previously been granted under the Aberdeen Deferred Share Plan 2009 (or its predecessor) (the “**Aberdeen DSP**”) will be automatically exchanged for equivalent options over Standard Life Shares (“**Replacement Awards**”). These Replacement Awards will be governed by the rules of the Aberdeen DSP under which the options they are replacing were granted. Standard Life will operate the Aberdeen DSP from the Effective Date.

Looking forward to 2018

As detailed in Standard Life’s 2016 directors’ remuneration report, during 2016 the Committee commenced a review of Standard Life’s remuneration structures. This review is continuing and, subject to the successful completion of the Merger, will also consider the impact of the Merger on the Combined Group’s remuneration strategy and structure.

In the development of the new remuneration policy, the Remuneration Committee of the Combined Group will consider both legacy remuneration structures and evolving best practice, and will seek investor and investor body views, especially regarding the design and structure of long-term remuneration and specifically the use of long-term incentive plans. The Committee will present a new directors’ remuneration policy to shareholders at the 2018 annual general meeting and will consult the Combined Group’s major institutional investors in good time as part of this review. Subject to shareholder approval, this policy will be effective from 1 January 2018.

PART B REMUNERATION POLICY

Future policy report

This section sets out the remuneration policy for executive Directors and non-executive Directors, and is subject to a binding vote of shareholders. The remuneration policy will be conditional on completion of the proposed merger of Standard Life plc and Aberdeen Asset Management PLC (as described in the Circular sent to shareholders of Standard Life on or about 9 May 2017) (the “**Merger**”) and, if approved, will take effect from the date of completion.

The following definitions apply in this Part B of the Appendix to this Circular unless the context otherwise requires:

“**Aberdeen**” means Aberdeen Asset Management PLC;

“**Board**” means the board of Directors of the Company;

“**Company**” means Standard Life plc, to be renamed Standard Life Aberdeen plc (a public company incorporated with limited liability in Scotland with registered number SC286832);

“**Director**” means a director of the Company;

“**Earnings before interest, tax, depreciation and amortisation**” or “**EBITA**” means earnings before interest, taxation, depreciation, amortisation, restructuring costs, other non-operating items and non-controlling interests;

“**Group**” or “**Standard Life**” means the Company and its subsidiaries;

“**Operating return on equity**” or “**ROE**” means the annualised post-tax operating profit expressed as a percentage of the opening IFRS equity, adjusted for time apportioned dividends paid to equity holders; and

“**Remuneration Committee**” means the remuneration committee of the Board.

Remuneration policy for executive Directors

| Element | Purpose and link to strategy | Operation | Maximum opportunity | Performance metrics |
|--------------------|---|--|---|---------------------|
| Base salary | To provide a core reward for undertaking the role, positioned at a level needed to recruit and retain the talent required to develop and deliver the business strategy. | <p>The Remuneration Committee sets base salaries taking into account a range of factors including:</p> <ul style="list-style-type: none"> ● The individual’s skills, performance and experience ● Internal relativities and wider workforce salary levels ● External benchmark data ● The size and responsibility of the role ● The complexity of the business and geographical scope ● Economic indicators. | <p>Salaries for executive Directors are set at an appropriate level to attract and incentivise individuals of the calibre and with the experience required.</p> <p>Whilst there is no maximum salary, any increases for executive Directors will normally be in line with the typical level of increases awarded to other employees at Standard Life and will be a reflection of their performance.</p> | Not applicable. |

| Element | Purpose and link to strategy | Operation | Maximum opportunity | Performance metrics |
|-----------------|--|--|---|---------------------|
| | | <p>Base salaries are normally reviewed annually, with any increases usually effective from March.</p> <p>Base salaries may be reviewed more frequently at the discretion of the Remuneration Committee.</p> | <p>The Remuneration Committee may award increases above this level in certain circumstances, such as:</p> <ul style="list-style-type: none"> ● Where a new recruit or promoted employee's salary has been set lower than the market level for such a role and larger increases are justified as the individual becomes established in the role ● Where there is a significant increase in the size and responsibilities of the executive Director's role. | |
| Benefits | <p>To provide market competitive monetary and non-monetary benefits, in a cost effective manner, to assist employees in carrying out their duties efficiently.</p> | <p>Executive Directors are provided with a package of core benefits funded by the Company and are invited to participate, in line with other employees, in their employing company's voluntary benefits programme which they fund themselves through salary sacrifice.</p> <p>Core benefits currently provided include health screening, private healthcare, death in service protection, disability benefit and reimbursement of membership fees of professional bodies.</p> <p>Where the Remuneration Committee considers it appropriate, other benefits may be provided on recruitment or relocation.</p> | <p>Car allowance up to a maximum of £16,585 per annum.</p> <p>There is no maximum value of the core benefit package as this is dependent on the cost to the employing company and the individual's circumstances.</p> <p>In the event of recruitment or relocation additional benefits may be provided, such as:</p> <ul style="list-style-type: none"> ● Housing rental costs ● Education allowance ● Travel and accommodation costs ● Relocation costs (including shipping costs, legal fees and stamp duty associated with the purchase of a house and other professional advice). <p>Such benefits would be set at an appropriate level taking into account the individual's circumstances and typical market practice.</p> | Not applicable. |

| Element | Purpose and link to strategy | Operation | Maximum opportunity | Performance metrics |
|---------------------------------|---|---|--|---|
| All-employee share plans | To promote share ownership by all employees to drive performance aligned to the Company's shareholders' interests. | <p>Executive Directors can participate in the all-employee share plans operated by Standard Life on the same basis as all other employees. The two current all-employee share plans are:</p> <ul style="list-style-type: none"> • The Standard Life (Employee) Share Plan • The Standard Life Sharesave Plan. | The maximum opportunity is in line with all other employees and is as determined by the prevailing HMRC rules on maximum employee payment limits. | Not applicable. |
| Pension | To provide a competitive, flexible retirement benefit in a way that does not create an unacceptable level of financial risk or cost to the Group. | <p>Executive Directors are auto enrolled into the Group's defined contribution pension plan and are offered the alternative of a cash allowance.</p> <p>The level of company pension contribution and level of cash allowance are reviewed periodically taking into account:</p> <ul style="list-style-type: none"> • External benchmark data • Pension legislation • Other elements of the remuneration package. <p>We would continue to honour defined benefit pension arrangements in the event of an individual with a contractual entitlement to such a pension benefit being promoted to an executive Director role.</p> | <p>Employer contribution into the Group's defined contribution pension plan of up to 32% of salary.</p> <p>Alternatively, a cash allowance of up to 30% of salary.</p> | Not applicable. |
| Group annual bonus | To support the delivery of the Group's annual business plan. The focus is on the delivery of the annual financial, strategic, customer and people objectives. | <p>Awards are based on a balanced Group scorecard combining annual financial and non-financial performance targets.</p> <p>Performance targets are set annually by the Remuneration Committee.</p> <p>The Remuneration Committee exercises its judgement to determine awards at the end of the year to ensure that the outcome of the scorecard is fair in the context of overall Group performance, taking into account actual performance against Group scorecard targets, business performance and performance against personal goals. Normally, 50% of any bonus above 25% of salary is deferred into shares which vest after three years from the date of award (subject to the deferred amount being at least 10% of salary).</p> | <p>The maximum award opportunity in respect of any financial year is based on role and is up to 175% of salary.</p> <p>Martin Gilbert and Bill Rattray will not be eligible to receive Group annual bonus awards in 2017 but will be eligible for awards made under the legacy Aberdeen variable pay arrangements described below.</p> | <p>Performance is measured against a range of key financial metrics, strategic, customer and people indicators and personal performance.</p> <p>The performance scorecard is weighted with at least 50% of bonus based on financial performance and no less than 30% based on non-financial performance. The non-financial targets are split between strategic, customer and people measures.</p> <p>The split between financial and non-financial targets is set annually by the Remuneration Committee.</p> |

| Element | Purpose and link to strategy | Operation | Maximum opportunity | Performance metrics |
|--|---|--|---|--|
| Standard Life Investments' personal and company bonus plans | To support the delivery of Standard Life Investments' annual business plan by rewarding Standard Life Investments' employees for the delivery of individual performance objectives in the year and Standard Life Investments' corporate and investment performance. | <p>Deferred bonus shares are normally granted in the form of nil-cost options, however may be awarded in other forms if it is considered appropriate.</p> <p>Deferred bonus shares are subject to malus between grant and vest and cash awards are subject to clawback for three years from the date of award (details set out later in this report).</p> <p>Deferred awards will accrue dividend equivalents over the deferral period. These will normally be paid in shares on a reinvested basis.</p> <p>The bonus pool is determined by reference to Standard Life Investments' financial performance.</p> <p>Personal bonus awards are based on personal performance against agreed Standard Life Investments' business scorecard objectives and awarded from the bonus pool.</p> <p>Company bonus awards are made from the bonus pool after deduction of personal bonus payments and the size of the award reflects the value of total reward positioned against market.</p> <p>The award for the CIO is determined by the Remuneration Committee.</p> <p>Normally, 50% of the combined Standard Life Investments' personal and company bonuses above 25% of salary is deferred into shares which vest after three years from the date of award (subject to the deferred amount being at least 10% of salary).</p> <p>Higher levels of deferral or longer deferral periods may apply at the Remuneration Committee's discretion.</p> | <p>The maximum award opportunity in respect of any financial year is 105% of salary in respect of the personal bonus award and is 200% of salary in respect of the company bonus award.</p> <p>This plan will be used to grant awards to the CIO for 2017 subject to the maximum opportunity set out above.</p> <p>No other Directors participate in this plan.</p> | <p>A portion of the award may be based on individual performance objectives. This will be no more than 20% of the overall award.</p> <p>Performance is measured over 12 months.</p> <p>For 2017 only, the award will be determined by reference to the performance of the legacy Standard Life plc business.</p> <p>The award opportunity for bonus at threshold performance is zero with up to 50% of the award normally payable for target performance. 100% of the award is payable for maximum performance.</p> <p>Performance is measured against a range of key financial metrics, strategic, customer and people indicators and personal performance.</p> <p>Individual awards are then based on personal performance objectives set at the start of the year against Standard Life Investments' business scorecard objectives.</p> <p>Performance is normally measured over 12 months.</p> <p>The award opportunity for the personal bonus and company bonus at threshold performance is zero, with up to 50% of the award normally payable for target performance. 100% of the award is</p> |

| Element | Purpose and link to strategy | Operation | Maximum opportunity | Performance metrics |
|--|--|---|---|---|
| The Standard Life plc Executive Long Term Incentive Plan (Executive LTIP) | To reward participants for the delivery of the Group's goals of driving shareholder value through customer experience including measures such as cumulative Group operating profit and cumulative Group net flows. | <p>Deferred bonus shares are normally granted in the form of nil-cost options, however may be awarded in other forms if it is considered appropriate.</p> <p>Deferred bonus shares are subject to malus between grant and vest and cash awards are subject to clawback for three years from the date of award (details set out later in this report).</p> <p>Deferred awards will accrue dividend equivalents, or equivalent for other forms of awards, over the deferral period. These will normally be paid on a reinvested basis.</p> <p>Award of shares subject to performance measured over a three-year period with a subsequent two-year holding period. Awards may only be exercised after the five-year combined period.</p> <p>Performance targets are set annually for each three-year cycle by the Remuneration Committee.</p> <p>Awards are subject to review by the Remuneration Committee and the Risk and Capital Committee at the end of the three-year performance period to confirm that vesting of the award is appropriate. This will take into account performance relative to the Group's scorecards over the plan period.</p> <p>The Remuneration Committee has the discretion to amend the final vesting level of awards if it does not consider that it reflects the performance of the Group.</p> <p>Awards are normally granted in the form of nil-cost options. These are usually in the form of shares but may be awarded in other forms, such as a unit, share or equivalent in a fund, or fund of funds managed by the Group, if it is considered appropriate.</p> <p>Unvested awards are subject to malus (details set out later in the report).</p> <p>Dividend equivalents, or equivalents for other forms of awards, accrue over the five-year period. These will normally be paid on a reinvested basis.</p> | <p>The maximum award opportunity possible under the plan rules is 500% of salary.</p> <p>The Remuneration Committee's current intention is that award levels for executive Directors will be based on role and will be up to a maximum of 400% of salary. The Remuneration Committee will normally consult with the Company's largest institutional investors in advance of increasing award levels above the current grant levels.</p> <p>Martin Gilbert and Bill Rattray will not participate in this plan in 2017.</p> | <p>payable for maximum performance.</p> <p>Vesting of the award is based on the following Group performance measures:</p> <ul style="list-style-type: none"> ● Cumulative Group operating profit performance before tax weighted at up to 100% of the award ● Cumulative Group net flows weighted at no more than 50% of the award. <p>The split between these measures, for each grant, is set annually by the Remuneration Committee.</p> <p>Given his responsibility as CIO, vesting of a portion of awards for the CIO may also be based on performance measures linked to the asset management business (currently consolidated cumulative three-year third party earnings before interest, tax,</p> |

| Element | Purpose and link to strategy | Operation | Maximum opportunity | Performance metrics |
|--|--|---|---|---|
| | | <p>Vesting of awards takes place on a straight line basis between threshold and target performance and target and maximum performance.</p> <p>The Remuneration Committee may adjust and amend awards in accordance with the Executive LTIP rules.</p> <p>The cumulative Group operating profit and cumulative Group net flows performance condition ranges will be disclosed in the Directors' remuneration report published in the year in which the awards are made.</p> | | <p>depreciation and amortisation).</p> <p>The split between the Group and the asset management business performance measures for the CIO will be determined annually by the Remuneration Committee.</p> <p>The award opportunity at threshold performance is zero, with up to 50% of the award normally vesting for target performance. 100% of the award vests for maximum performance.</p> |
| <p>Legacy Aberdeen Variable Pay in Non-Deferred Cash ("Aberdeen Non-Deferred Cash Awards") (only to be granted in 2017)</p> | <p>To reward the achievement of performance targets in a range of key performance areas.</p> | <p>Awards are based on key performance indicators (KPIs) determined by reference to legacy Aberdeen business targets combining financial and strategic objectives.</p> <p>The Remuneration Committee selects KPIs and determines the weighting for each.</p> <p>The Remuneration Committee sets performance targets for these KPIs.</p> <p>The Remuneration Committee exercises its judgement to determine awards at the end of the year to ensure that the outcome of the awards is fair in the context of underlying performance, taking into account actual performance against targets, business performance and performance against personal goals.</p> <p>Payment will be made in cash following the end of the performance period.</p> <p>Malus and clawback provisions apply to variable pay.</p> | <p>The maximum award opportunity is based on role and is up to 250% of fixed pay (comprising base salary and benefits but excluding pension allowance).</p> <p>The Remuneration committee will set individual caps, subject to this limit, for each executive Director role.</p> <p>In 2017, the individual maximum opportunities are:</p> <ul style="list-style-type: none"> • Martin Gilbert, 250% of fixed pay • Bill Rattray, 75% of fixed pay. <p>No Directors other than Martin Gilbert and Bill Rattray will participate in this plan.</p> | <p>Performance is based on achievement of key financial and strategic objectives, measured on both annual and long-term trailing performance. At least 70% of the award will be based on financial KPIs (including investment performance).</p> <p>On-target performance pay-out is 50% of the maximum award. Subject to any considerations of commercial confidentiality, the performance measures will be disclosed retrospectively in the relevant Directors' remuneration report.</p> |

| Element | Purpose and link to strategy | Operation | Maximum opportunity | Performance metrics |
|---|--|---|--|--|
| Legacy Aberdeen Variable Pay in Deferred Shares (“Aberdeen Deferred Share Awards”) (only to be granted in 2017) | To reward the performance in a range of key performance areas, to align executives’ interests to those of shareholders, and aid retention of talent. | <p>Awards are based on the same KPIs and weightings as for Aberdeen Non-Deferred Cash Awards.</p> <p>The Remuneration Committee exercises its judgement to ensure that the outcome of the awards are fair in the context of underlying performance, taking into account actual performance against targets, business performance and performance against personal goals.</p> <p>Awards are normally granted in the form of nil-cost options, however, may be awarded in other forms if it is considered appropriate.</p> <p>Malus and clawback provisions apply to variable pay.</p> <p>The award will be released to executive Directors in equal tranches over five years. An amount equivalent to the dividends due on the shares may be paid to participants only after the earliest vesting date has passed.</p> <p>In the exceptional event that, for practical reasons, the Group is unable to make awards in shares, awards may be made in deferred cash.</p> | <p>The maximum award opportunity is based on role and is up to 750% of fixed pay (comprising base salary and benefits but excluding pension allowance).</p> <p>The Remuneration Committee will set individual caps, subject to this limit, for each executive Director role.</p> <p>In 2017, the individual maximum opportunities are:</p> <ul style="list-style-type: none"> • Martin Gilbert, 750% of fixed pay • Bill Rattray, 225% of fixed pay. <p>No Directors other than Martin Gilbert and Bill Rattray will participate in this plan.</p> | Performance is based on achievement of the same key financial and strategic objectives as those attached to the Aberdeen Non-Deferred Cash Awards set out above. |

Notes to policy table

The deferred element of the Group annual bonus plan, the Executive LTIP, the Standard Life Investments Long-Term Incentive Plan (Standard Life Investments LTIP) and Aberdeen Deferred Share Awards shall be operated in accordance with the rules of the respective plans. The rules of the Executive LTIP were approved by shareholders in 2014. The rules of the Standard Life Investments LTIP were approved by shareholders in 2010.

Changes to the policy table

The Remuneration Committee has proposed a number of changes to the Directors’ remuneration policy in anticipation of the proposed Merger with Aberdeen.

If the Merger completes, two directors of Aberdeen, Martin Gilbert and Bill Rattray, will join the Board. Those individuals’ pre-existing arrangements with Aberdeen are incompatible with the Remuneration Policy adopted in 2015, so a number of changes are proposed to accommodate the continuation of their arrangements for the period from completion of the Merger until the end of 2017, including the grant of Aberdeen Non-Deferred Cash Awards and Aberdeen Deferred Share Awards in accordance with Aberdeen practice immediately prior to the Merger.

Rod Paris will also join the Board as CIO if the Merger completes. The Remuneration Committee proposes to include him in the Standard Life Investments’ personal and company bonus plans which were previously

operated for the Chief Executive, Standard Life Investments, and in the Group annual bonus plan and the Executive LTIP (with awards subject to the performance metrics summarised in the table above).

Awards granted under the Group annual bonus plan will continue to be measured against performance targets and objectives for the legacy Standard Life plc business for the period through to 31 December 2017.

The Remuneration Committee has also taken the opportunity to delete some provisions in the policy which are now obsolete.

Further details of the changes to the policy table are set out in the Overview of Proposed Changes to Standard Life plc's Remuneration Policy for 2017 found at pages 84-87 of the circular sent to shareholders of the Company on 9 May 2017.

Remuneration Committee discretion in relation to existing commitments

The Remuneration Committee reserves the right to make any remuneration payments and payments for loss of office, notwithstanding that they are not in line with the policy set out above where the terms of the payment were agreed: (i) before the policy set out above, or any previous policy came into effect, or (ii) at a time when a previous policy, approved by shareholders, was in place provided the payment is in line with the terms of that policy, or (iii) at a time when the relevant individual was not a Director of the Company and the payment was not in consideration for the individual becoming a Director of the Company.

For these purposes, payments include the Remuneration Committee satisfying awards of variable remuneration in relation to awards over shares, including awards granted in 2015, 2016 and 2017 under the Standard Life Investments LTIP, and awards granted in 2014, 2015, 2016 and 2017 under the Executive LTIP and any other share-based plan operated by the Group. This means making payment in line with the terms that were agreed at the time the award was granted. Under the terms of the Merger, existing awards granted to employees of Aberdeen under the Aberdeen Deferred Share Plan 2009 or the Aberdeen USA Deferred Share Award Plan prior to completion will be exchanged for equivalent awards over shares in the Company.

Awards (in the form of nil-cost options) that were granted to executive Directors under the Standard Life Investments Long-Term Incentive Plan prior to the approval of this policy are subject to the achievement of Standard Life Investments' consolidated cumulative three-year third party earnings before interest, tax, depreciation and amortisation in the final financial year of the three-year performance periods. The vesting of awards is also subject to an investment performance gateway which requires Standard Life Investments' performance to be above the lower quartile of the money-weighted average of all assets under management (captive and third party assets) compared to other asset managers. The Remuneration Committee has the discretion to amend the final vesting level of these awards if it does not consider that it reflects the overall performance of Standard Life Investments. Awards are also subject to review by the Risk and Capital Committee at the end of the performance period to confirm that vesting of the award is appropriate. These awards accrue dividend equivalents over the performance period which will normally be paid in shares on a reinvested basis.

Remuneration Committee discretion in relation to future operation of the remuneration policy

In the event of a variation of share capital, demerger, special dividend or similar event, the Remuneration Committee may adjust or amend awards in accordance with the rules of the relevant plan.

The Remuneration Committee retains the discretion to amend the performance target in exceptional business or regulatory circumstances. If discretion is exercised in this way, the Remuneration Committee will consult with major shareholders as appropriate.

All awards are subject to Remuneration Committee discretion and may be adjusted (or reduced to zero) where it determines that the overall level of the Company or Group performance does not warrant payment of variable remuneration, or it considers that risks (such as financial, regulatory, compliance or brand risk) have not adequately been reflected in awards.

Malus or clawback

Under the malus and clawback provisions, the Remuneration Committee can reduce awards that have not yet vested (malus) and can require the repayment of an award (clawback).

Malus or clawback may apply where stated in the policy table.

The circumstances in which malus or clawback could apply include, but are not limited to:

- Where there is a material mis-statement of the Group's financial statements
- Where there is any failure of risk management, fraud or other material financial irregularity
- Where there is serious misconduct by a participant or otherwise.

No other element of remuneration is subject to malus or clawback.

Share ownership

Executive Directors are required to build up a substantial interest in Group shares. The current requirements, and each executive Director's shareholding, are detailed in the 2016 Directors' Remuneration Report at page 93 of the 2016 Annual Report. Executive Directors will normally be required to retain shares held in satisfaction of the requirement for a period of one year following their departure from the Group. The Remuneration Committee reviews progress against the requirements annually.

Performance measures and target setting

Performance targets for the Group's incentive arrangements are set on an annual basis by the Remuneration Committee. The Remuneration Committee takes into account a range of factors including internal business forecasts, prior year performance, degree of stretch against the performance targets in the business plan, the economic environment, market conditions and expectations.

We aim to deliver target awards for good performance. By this we mean business outcomes are delivered consistently against agreed requirements and performance expectations in terms of both what has been delivered and how this level of performance has been achieved. Maximum awards will only be earned where the performance in the Group (in 2017 this is defined as legacy Standard Life plc), Standard Life Investments or legacy Aberdeen business has significantly exceeded expectations.

The following table sets out why the performance conditions that are currently used for the annual Group performance scorecard, used to determine the Group annual bonus awards, were chosen. For 2017 only, these will be restricted to the legacy Standard Life plc business.

| Performance metric | Financial metrics | Strategic metrics | Customer metrics | People metrics |
|---------------------------|---|---|---|---|
| Rationale | <p>Measures chosen to support the delivery of financial performance as set out in the Group's annual business plan. Measures chosen may include, but are not limited to:</p> <ul style="list-style-type: none"> • Group operating profit before tax • Operating return on equity. | <p>Focuses management on the delivery of the business' strategic priorities across the Group to drive improved performance in future years.</p> | <p>Focuses management on growing customer volumes through winning new customers and growing revenue from our existing customers which will ultimately lead, through growth in assets under management and quality revenue flows, to increasing profitability and increased shareholder value.</p> | <p>Develops organisational capability by building the resources for the future, and encouraging the desired behaviours.</p> |

The table below sets out why the performance conditions for the Executive LTIP were chosen.

| Performance metric | Operating profit before tax | Net flows |
|---------------------------|---|---|
| Rationale | <p>Chosen measure of profitability and closely linked to cash generation. A key measure of the profit the Group makes. Excludes items which create short-term volatility and that are not within management control. Targets the Group's ability to deliver returns to the Company's shareholders and provides an indication of the Company's dividend paying capability.</p> | <p>Net flows are a measure of the assets that customers have invested with the Group during the year (premiums and deposits) minus the assets they've taken out (withdrawals, claims and annuity payments). This reflects the Group's ability to win/retain business and is an indicative measure of customer satisfaction. As a result of the acquisition of Ignis and the inclusion of our overseas joint ventures in the targets, the definition of net flows has been reviewed for appropriateness and it will exclude flows arising from investment in money market and liquidity funds. These funds operate like bank accounts and customers can invest or disinvest cash with little notice and financial penalty which leads to significant volatility in the net flows and as such their inclusion is inappropriate for the purpose of rewarding growth in net flows. The net flows attributable to money market and liquidity funds will be reported each year in the Annual report and accounts.</p> |

The table below sets out why the performance conditions used in the Standard Life Investments' personal and company bonus plan were chosen.

| Performance metric | Financial metrics | Strategic metrics | Customer metrics | People metrics |
|---------------------------|--|---|---|---|
| Rationale | <p>Measures chosen to support the delivery of financial performance as set out in the Standard Life Investments' annual business plan.</p> <p>Measures chosen may include, but are not limited to:</p> <ul style="list-style-type: none"> • Operating profit before tax • Earnings before interest, tax, depreciation and amortisation (EBITDA) • Operating return on equity. | <p>Drives delivery against the Standard Life Investments' strategic priorities.</p> | <p>Embeds a culture that places the customer at the heart of the Standard Life Investments' business.</p> <p>Embeds the Standard Life and Standard Life Investments brands to drive competitive advantage.</p> <p>Continues to enhance the external profile of Standard Life Investments with key external parties.</p> | <p>Develops organisational capability by building resource capabilities and the behaviours needed to deliver the Standard Life Investments' annual business plan.</p> |

The following sets out information on the Key Performance Indicators / performance conditions that will be used for Aberdeen Non-Deferred Cash Awards and Aberdeen Deferred Share Awards. These awards will be granted in 2017 only and will be restricted to the legacy Aberdeen business.

| Performance metric | Financial metrics | Non-Financial metrics |
|---------------------------|--|--|
| Rationale | <p>The main emphasis is on financial metrics such as underlying operating profit before tax, operating margin, return on capital employed (ROCE) and investment performance. These KPIs support value creation for shareholders, are an indication of the operational disciplines in place, and, most importantly, reflect the imperative to look after clients.</p> | <p>An element of variable pay is based on non-financial KPIs. These will be linked to the strategic priorities (for 2017).</p> |

Remuneration arrangements throughout the Group

Throughout the Group the following overarching principles and practices are applied to our remuneration policy:

- Remuneration is linked to performance, is transparent and is easy to understand
- The policy encourages behaviours that deliver results which are aligned to the interests of the Group's key stakeholders
- Remuneration is competitive and reflects financial and personal performance and the individual's value in the market, without paying more than is necessary
- The policy provides an appropriate balance of fixed and variable remuneration.

The scorecard (or scorecards) used to determine annual bonuses for executive Directors is used in the determination of annual bonuses for all employees of the legacy Standard Life plc business.

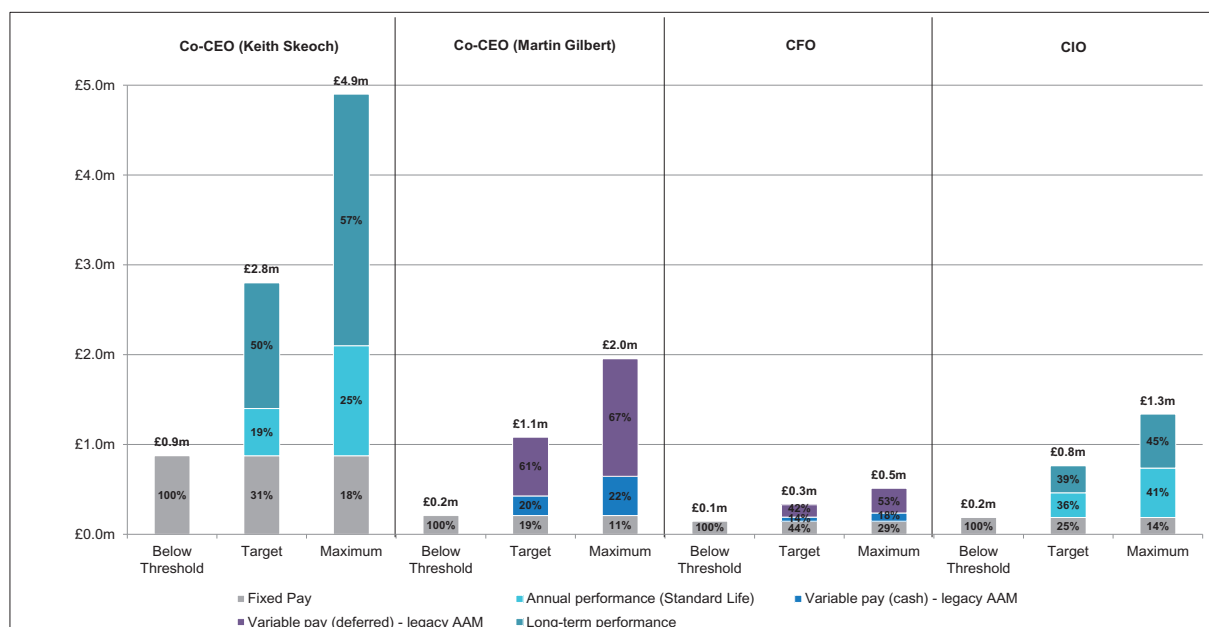
Although the above principles apply throughout the Group, given the size of the Group and the scale of its operations, the way in which the remuneration policy is implemented varies by jurisdiction and seniority. For example participation in the Executive LTIP is at the Remuneration Committee's discretion and is normally limited to senior management, and the Group's defined contribution pension provision is graduated based on seniority.

Scenario charts

The chart below illustrates how much the current executive Directors could earn under different scenarios for 2017.

This is based on the following assumptions:

- Below threshold is based on fixed pay only which includes salary, pension allowance and taxable benefits
- Target includes the potential value of annual and long-term incentives which would be payable for target performance (being 50% of maximum)
- Maximum shows the total remuneration receivable for maximum performance under all incentive plans
- A constant share price is assumed and dividend equivalents have been ignored
- An indicative date of completion of the Merger of 1 September 2017.



Notes to the table:

- The illustrative values for the roles of Co-Chief Executive Officer (Martin Gilbert), Chief Financial Officer and Chief Investment Officer are pro-rated for the period from 1 September 2017 to 31 December 2017.
- The illustrative value for the role of Co-Chief Executive Officer (Keith Skeoch) is representative of a 12 month period as Keith has been an executive Director of the Company since before the beginning of this calendar year.

Remuneration policy for non-executive Directors

| Approach to fees | Operation | Other items |
|---|--|---|
| Fees for the Chairman and non-executive Directors are set at an appropriate level to reflect the time commitment, responsibility and duties of the position and the contribution that is expected from non-executive Directors. | The Board annually sets the fees for the non-executive Directors, other than the fee for the Chairman of the Company which is set by the Remuneration Committee. | The Chairman and non-executive Directors are not eligible to participate in any incentive arrangements. Additional fees or benefits may be provided at the discretion of the Remuneration Committee in the case of the Chairman, and the Board in the case of the other non-executive Directors, to reflect, for example, housing, office, transport and other business-related expenses incurred in carrying out their role. |
| Board membership fees are subject to a maximum cap which is stated in the Company's articles of association. Any changes in this would be subject to shareholder approval. | <p>Fees are set at a market rate with reference to the level of fees paid to other non-executive directors of FTSE 100 financial services companies.</p> <p>The Chairman receives an aggregate fee, which includes the chairmanship of any appropriate Board committee.</p> <p>The remuneration policy for non-executive Directors is to pay:</p> <ul style="list-style-type: none">• Board membership fees• Further fees for additional Board duties such as chairman and other members of a committee, the Senior Independent Director, and the chairman of subsidiary boards, in each case to take into account the additional responsibilities and time commitments of the roles. <p>The Board retains discretion to remunerate the non-executive Directors in shares rather than cash where appropriate.</p> | |

Remuneration policy for new appointments

Appointment of executive Directors

Principles

In determining remuneration arrangements for new appointments to the Board (including internal promotions), the Remuneration Committee applies the following principles:

- The Remuneration Committee takes into consideration all relevant factors, including the calibre of the individual, local market practice and existing arrangements for other executive Directors, adhering to the underlying principle that any arrangements should reflect the best interests of the Group and its shareholders

- Remuneration arrangements for new appointments will typically align with the remuneration policy presented above
- In the case of internal promotions (including directors of Aberdeen joining the Board), the Remuneration Committee will honour existing commitments entered into before promotion
- The Remuneration Committee will explain to shareholders the rationale for the relevant arrangements in the following year's Directors' remuneration report; and the maximum level of bonus and long-term incentive awards which may be awarded to a new executive Director (excluding the Chief Executive Officer, Standard Life Investments, the CIO and legacy Aberdeen directors) at or shortly following recruitment shall be limited to 475% of salary. The maximum level for the CIO will be 865% of salary (in line with the previous maximum for the Chief Executive Officer, Standard Life Investments). These limits exclude buyout awards and are in line with the policy table above.

Components and approach

The remuneration package offered to new appointments may include any element of remuneration included in the remuneration policy set out in this report, or any other element which the Remuneration Committee considers is appropriate given the particular circumstances but not exceeding the maximum level of bonus and long-term incentive awards detailed above. In considering which elements to include, and in determining the approach for all relevant elements, the Remuneration Committee will take into account a number of different factors, including (but not limited to) typical market practice, existing arrangements for other executive Directors and internal relativities, and market positioning.

Buyouts

To facilitate recruitment, the Remuneration Committee may make an award to buy out remuneration terms forfeited on leaving a previous employer. In doing so, the Remuneration Committee will adhere to regulatory guidance in relation to the practice of buyout awards to new recruits and, in particular, the requirements for Code Staff (as defined by the Group's regulators). In considering buyout levels and conditions, the Remuneration Committee will take into account such factors as the type of award and performance measures and the likelihood of performance conditions being met. The buyout award will reflect the foregone award in amount and terms (including any deferral or retention period and performance conditions) as closely as possible but within the structures and timing of equivalent Group plans. Where appropriate, the Remuneration Committee retains the discretion to utilise Listing Rule 9.4.2 (a rule, set by the United Kingdom Listing Authority, which permits an arrangement to be made without shareholder approval, specifically to facilitate, in unusual circumstances, the recruitment or retention of the relevant individual) for the purpose of making an award to 'buy out' remuneration terms forfeited on leaving a previous employer or to utilise any other incentive plan operated by the Group.

Appointment of non-executive Directors

If a new Chairman or non-executive Director is appointed, remuneration arrangements will normally be in line with those detailed in the remuneration policy for non-executive Directors set out above.

Service Contracts

Executive Directors

The executive Directors' terms and conditions of employment are detailed in individuals' executive service contracts. In these contracts, the Remuneration Committee aims to strike the right balance between the Company's interests and those of the executive Directors, while ensuring that the contracts comply with best practice, legislation and the agreed remuneration principles. Contracts are not for a fixed term, but set out notice periods in line with the executive Director's role.

The terms and provisions that relate to remuneration in each of the executive Director's contracts (that are not set out elsewhere in this report) are set out below. It is intended that the terms for any new appointment would be in line with these:

| Provision | Policy |
|----------------------|---|
| Notice periods | <p>Six months by the executive Director to the employer.</p> <p>Up to 12 months by the employer to the executive Director.</p> <p>A payment in lieu of notice can be made.</p> |
| Termination payments | <p>Any payment in lieu of notice will be up to 12 months' salary, pension contributions and the value of other contractual benefits (except that, in line with their legacy agreements with Aberdeen, Martin Gilbert and Bill Rattray may be entitled to variable pay, which they might otherwise have been eligible to receive had they been permitted to serve their notice, subject to the Remuneration Committee's assessment of Group and personal performance).</p> <p>A duty to mitigate applies (except in relation to Martin Gilbert and Bill Rattray, as a result of their legacy agreements with Aberdeen).</p> <p>The payment may be made in phased instalments. Rights to bonus and existing long-term incentive awards are governed by the rules of the respective plans.</p> |
| Remuneration | <p>Salary, pension contributions and core benefits are specified in the contracts and are treated as described above (except Martin Gilbert and Bill Rattray, whose contracts do not specify pension contributions and core benefits, in accordance with legacy agreements with Aberdeen).</p> <p>There is no contractual entitlement to participate in the annual bonus plan or receive long-term incentive awards. Individuals are notified of these discretionary schemes at the beginning of each year.</p> |
| Non-compete clauses | <p>Applies during the contract and for up to six months after leaving at the Company's choice (except that Martin Gilbert and Bill Rattray's legacy agreements with Aberdeen contain non-compete clauses that apply during the contract and for up to 12 months after ceasing employment).</p> |

Non-executive Directors

The non-executive Directors, including the Chairman, have letters of appointment that set out their duties and responsibilities. The key terms are:

| Provision | Policy |
|---|---|
| Period of appointment | <p>Three-year term which can be extended by mutual consent and is subject to re-election by shareholders in line with the Company's articles of association and the UK Corporate Governance Code.</p> |
| Time commitment | <p>Two to three days per week for the Chairman.</p> <p>For other non-executive Directors – 30 to 35 days a year.</p> |
| Notice periods (apply to both the Company and non-executive Director) | <p>Chairman – six months.</p> <p>For other non-executive Directors – no notice period.</p> |
| Remuneration | <p>Fees in line with the policy. Reimbursement of travel and other reasonable expenses incurred in the performance of their duties.</p> <p>No pension, annual bonus or other incentive payment permitted.</p> |

The service agreements / letters of appointment for Directors are available to shareholders to view on request from the Group Company Secretary at the Company's registered address.

Loss of office remuneration

The Remuneration Committee will consider the following factors when considering remuneration for loss of office:

- The individual's service contract and the rules of the relevant incentive plans
- Circumstances of the loss of office
- Performance during office
- The commercial justification for any payments.

The remuneration policy for loss of office for executive Directors is as follows:

- Any payment in lieu of notice will be up to 12 months' salary, pension contributions and the value of other contractual benefits (except that Martin Gilbert and Bill Rattray may, under their pre-existing arrangements with Aberdeen, be entitled to variable pay which they might otherwise have been eligible to receive had they been permitted to serve their notice, subject to the Remuneration Committee's assessment of Group and personal performance)
- There is a duty to mitigate any termination payments (except in relation to Martin Gilbert and Bill Rattray, as a result of their legacy agreements with Aberdeen)
- The payment may be made in phased instalments and the policy is to do this for notice periods of over six months
- Rights under all-employee share plans, to bonus awards and to long-term incentive awards are governed by the rules of the respective plans
- Awards under all-employee share plans vest in accordance with their terms, under which good leavers are entitled to shares on or shortly after cessation. Other leavers would usually forfeit awards
- Typically, for good leavers, rights to annual bonus and long-term incentive awards will be pro-rated for time in service to termination as a proportion of the performance period and will, subject to performance, be paid at the usual time (which in the case of the Executive LTIP will normally include the holding period). Outstanding deferred share awards granted in respect of Group annual bonus or Standard Life Investments' company and personal bonus plan will typically vest in full at the date of termination. Outstanding Aberdeen Deferred Share Awards will typically vest in full at the normal vesting date, unless the Remuneration Committee decides it will vest on the date of termination
- In certain circumstances, such as the individual's death, the Remuneration Committee retains the discretion to accelerate payments if it is considered appropriate
- In all plans, the Remuneration Committee retains the discretion to disapply time pro-rating for good leavers (see below) and, in the case of the Executive LTIP, performance pro-rating
- Typically, for other leavers, rights to annual bonus, deferred shares and outstanding long-term incentive awards will be forfeited
- Other payments such as legal fees or outplacement costs may be paid if considered commercially appropriate.

In both the annual bonus plans' and long-term incentive plans' rules, the distinction is made between good leavers and other leavers. A good leaver is someone whose employment comes to an end because of death, ill health, injury, disability, redundancy or retirement as determined by their employing company, sale of the employing company or business or any other circumstance at the discretion of the Remuneration Committee. For the purposes of the Standard Life Investments LTIP, a good leaver may also include an individual who is transferred out of Standard Life Investments to another company in the Group. In determining whether an individual is a good leaver, the Remuneration Committee will exercise its judgement in a manner which seeks to be in the Company's interests taking into account all relevant factors in relation to the departure. Where judgement has been exercised, the Remuneration Committee would provide an explanation in the following year's Directors' remuneration report.

In the event of a change of control, executive Directors may receive a cash bonus in respect of the year in which the change of control occurs which, unless the Remuneration Committee determines otherwise, will be time pro-rated by reference to the bonus year. Outstanding deferred share awards will typically vest in full. Long-term incentives will normally vest early, taking into account the extent to which any relevant performance conditions have been met and, unless the Remuneration Committee determines otherwise, the time that has elapsed from the beginning of the relevant performance period. The Remuneration Committee may allow or require participants to exchange their existing awards (deferred shares or long-term incentives) for new awards on a change of control. If the Company undergoes a winding up or is subject to a demerger, delisting, special dividend or other event which in the opinion of the Remuneration Committee may affect the current or future share price, the Remuneration Committee may allow awards to vest on the same basis as for a change of control.

The treatment of other awards in the event of a change of control will be in line with the relevant plan rules as approved by shareholders.

There is no provision for compensation payments for loss of office for non-executive Directors.

Considering conditions elsewhere in the Group

When setting the policy for executive Directors' remuneration, the Committee takes into account the pay and employment conditions elsewhere within the Group, recognising international variance and jurisdictional differences, where appropriate.

The Remuneration Committee is informed about the approach on salary increases, group-wide benefit offerings including pensions, the structure of incentive arrangements and distribution of outcomes throughout the wider organisation, as well as the take up of all-employee share plans, employee engagement survey results and staff morale.

The Group engages with its employee associations from an early stage in the annual remuneration cycle. The areas discussed include: external relativities, economic factors, employee expectations and congruence of executive pay with that of the wider workforce in terms of overall pay budgets and approach.

Consideration of shareholder views

The Remuneration Committee values the opportunity to listen to the Company's shareholders. At the time the current Standard Life and Aberdeen Directors' remuneration policies in effect immediately prior to completion of the Merger were introduced the respective major institutional shareholders were consulted. The Company also wrote to its largest shareholders in respect of the proposed transitional amendments for 2017 as detailed in the Overview of Proposed Changes to Standard Life Directors' Remuneration Policy for 2017 found at Part A of the Appendix to the circular sent to shareholders of the Company on 9 May 2017 and within this policy.

Implementation of policy in 2017

The way in which the policy will be implemented from the date of completion of the Merger is set out below. The individuals listed will be the executive Directors of the Company if the Merger completes. Up to the date of completion, the remuneration policy will be implemented as set out in the 2014 Annual Report, a copy of which can be found on our website at www.standardlife.com/dotcom/our-company/directors-remuneration-policy and in the 2014 Annual Report.

| | Keith Skeoch | Martin Gilbert | Bill Rattray | Rod Paris |
|---|---------------------|--------------------------------|--------------------------------|---|
| Base salary | £700,000 | £522,000 | £365,000 | £450,000 |
| Benefits | | In line with policy | | |
| Pension | | Up to 25% of salary | | |
| Group annual bonus | 175% of salary | - | - | 60% of salary |
| Standard Life Investments bonus | - | - | - | Company bonus – 200% of salary Personal bonus – 125% of salary |
| LTIP | 400% of salary | - | - | No award to be made in 2017 post appointment to Board |
| Legacy Aberdeen variable pay in non-deferred cash | - | 250% of fixed pay ¹ | 75% of fixed pay ¹ | - |
| Legacy Aberdeen variable pay in deferred shares | - | 750% of fixed pay ¹ | 225% of fixed pay ¹ | - |

¹ For these purposes, fixed pay comprises base salary and benefits, but excludes pension allowance.

Subject to commercial sensitivity, details of the performance targets for annual variable awards will be disclosed in the 2017 Directors' Remuneration Report. As Standard Life Investments is a subsidiary of the Group, details on the performance targets for this business unit are considered commercially sensitive, and therefore will not be provided in the 2017 Directors' Remuneration Report. Contextual information, with details on performance against the underlying targets, will be provided.

STANDARD LIFE PLC
NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a **GENERAL MEETING** of Standard Life plc (the “**Company**”) will be held at the Assembly Rooms, 54 George Street, Edinburgh EH2 2LR at 2.00 p.m. on 19 June 2017 for the purpose of considering and, if thought fit, passing the following resolutions, which shall be proposed as ordinary resolutions:

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 the 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 ²/₉ 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 the 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 £112,203,680.50, 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 directors’ remuneration policy (set out in Part B of the Appendix to the Circular (the “**Remuneration Policy**”)), be and hereby is approved.

By order of the Board
Kenneth Gilmour
Company Secretary

9 May 2017

Registered office:

Standard Life House
30 Lothian Road
Edinburgh EH1 2DH
Scotland

Registered in Scotland No. SC286832

Shareholder notes

1. To be entitled to attend and vote at the General Meeting (and for the purpose of determination by the Company of the votes they may cast), shareholders who have a certificate for their shares or hold them through CREST must be on the Company’s register at 6.00 p.m. (UK time) on 15 June 2017 or, if the General Meeting is adjourned, at the time that is 48 hours (excluding any part of a day that is a non-business day) 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 General Meeting is adjourned, at the time that is 48 hours (excluding any part of a day that is a non-business day) before the time of the adjourned meeting. Changes to the Company'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 General Meeting.

2. Shareholders may appoint another person (a "**proxy**") to exercise all or any of their rights to attend and to speak and vote on their behalf at the General Meeting. A shareholder may appoint more than one proxy in relation to the General Meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy does not need to be a shareholder in the Company.
3. Where you have received this notice from the Company in hard copy, a Voting Form that may be completed either online or in paper form, and that may be used to make a proxy appointment and give voting instructions, has been provided to you along with this notice. If you have lost or for any reason have not received a Voting Form, you can vote electronically through www.standardlifeshareportal.com or contact us to request a replacement Voting Form using the contact details provided on page 21 of the Circular. Whether or not you intend to attend the General Meeting in person, please submit a Voting Form electronically through www.standardlifeshareportal.com or complete, sign and return a hard copy Voting Form in accordance with the instructions printed on it as soon as possible but, in any event, so as to be received by the Registrar no later than 6.00 p.m. on 15 June 2017 or, if the General Meeting is adjourned, at the time that is 48 hours (excluding any part of a day that is a non-business day) before the time of the adjourned meeting.
4. If you hold your shares in uncertificated form (i.e. in CREST) you may appoint a proxy using the CREST electronic proxy appointment service, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. To be valid, a CREST Proxy Instruction must be received by Capita Registrars Limited (under CREST participant ID RA10) by no later than 6.00 p.m. on 15 June 2017 or, if the General Meeting is adjourned, at the time that is 48 hours (excluding any part of a day that is a non-business day) before the time of the adjourned meeting. The time of receipt will be taken to be the time from which the Registrar is able to receive the message by enquiry to CREST in the manner prescribed by CREST.
5. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "**Nominated Person**") may, under an agreement between him or her and the shareholder by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy of such shareholder for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
6. Nominated Persons may have a right to be appointed (or have someone else appointed) as a proxy in the circumstances set out in note 5. The statement of the rights of shareholders in relation to the appointment of proxies in note 2 above does not apply to Nominated Persons.
7. On 5 May 2017 – the latest practicable business day before the printing and publication of this notice – the Company's issued share capital consisted of 1,979,413,496 ordinary shares, carrying one vote each. No shares were held in treasury. Therefore the total voting rights in the Company as at 5 May 2017 were 1,979,413,496.

8. Any shareholder (or their appointed proxy) attending the General Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the General Meeting but no such answer need be given if (i) to do so would interfere unduly with the preparation for the General Meeting or involve the disclosure of confidential information, (ii) the answer has already been given on a website in the form of an answer to a question, or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
9. A copy of the Notice of General Meeting, and other information required by section 311A of the Companies Act 2006, can be found at www.standardlife.com.
10. Electronic addresses provided in the Circular or any related document (including in the Voting Form) should only be used to communicate with the Company for the purposes expressly stated.

