

**SCHEME PURSUANT TO SECTION 25
OF THE INSURANCE ACT 1978 OF BERMUDA
FOR THE TRANSFER TO
THE MANUFACTURERS LIFE INSURANCE COMPANY (BERMUDA BRANCH)
OF THE LONG TERM BUSINESS OF
MLB INSURANCE LTD. (FORMERLY STANDARD LIFE ASSURANCE
COMPANY BERMUDA LIMITED)**

PART A: INTERPRETATION

1.1 In this Scheme (including the Appendix) words and expressions have the meanings set out in the Appendix.

1.2 Except as the context otherwise requires, words and expressions used in the Act or in any regulations made under them have the meanings attributed to them in this Scheme.

1.3 Any reference in this Scheme to an enactment, statutory provision or regulation is deemed to include a reference to that enactment or statutory provision or regulation as from time to time amended, consolidated, modified, replaced or re-enacted by any statute or statutory provision.

1.4 Any reference to the singular includes a reference to the plural and vice versa.

1.5 Headings in this Scheme are inserted for convenience only and do not affect its construction.

PART B: INTRODUCTION

MLB Insurance Ltd ("Transferor")

2.1 The Transferor is a wholly owned subsidiary of The Manufacturers Life Insurance Company ("Manulife"), a Company incorporated by an act of the Canadian Parliament and a member of the Manulife group of companies ("Manulife Group"), which has its head office in Toronto, Canada. Manulife Group is a leading Canada- based financial services company with principal operations in Asia, Canada and the United States. Since welcoming its first customers in 1887, Manulife has built a significant global presence by providing customers with strong, reliable, trustworthy and forward-thinking solutions for their most significant financial decisions.

2.2 The Transferor was incorporated in Bermuda under the Companies Act of 1981 on March 3, 2006 with its principal activity being to carry on life insurance business.

2.3 The Transferor is an insurance company registered under the Act as a Class C insurer authorised to carry on long-term business and is regulated by the BMA. The Transferor has the following business segments: a) individual life policies and b) individual annuity policies.

2.4 The Transferor was an indirect subsidiary of Standard Life plc. until January 30, 2015 when Manulife acquired all of the Canadian subsidiaries of Standard Life plc, which indirectly included all of the shares of the Transferor.

The Manufacturers Life Insurance Company (Bermuda Branch) ("Transferee")

3.1 The Transferee is a branch of The Manufacturers Life Insurance Company, a life insurance company incorporated by an act of the Canadian Parliament and a member of the Manulife group of companies ("Manulife Group"), which has its head office in Toronto of Canada. Manulife Group is a leading Canada- based financial services company with principal operations in Asia, Canada and the United States. Since welcoming its first customers in 1887, Manulife has built a significant global presence by providing customers with strong, reliable, trustworthy and forward-thinking solutions for their most significant financial decisions.

3.2 Pursuant to Section 138 of the Companies Act, the Transferee was granted a permit as amended from time to time, to conduct an insurance business outside of Bermuda from within Bermuda on September 14, 2004.

3.3 The Transferee is an insurance company registered under the Act as a Class C insurer authorized to carry on long-term business. The Transferee has the following business segments: a) individual life policies, and b) assumed life reinsurance.

General

4.1 The Transferor has agreed to sell its Business Assets to the Transferee pursuant to the terms of the Scheme and the BTA. The Transferor and the Transferee propose that the Transferor's Business Assets be transferred to the Transferee under the BTA and under this Scheme in accordance with section 25 of the Act.

4.2 It is further proposed that the Bermuda Court should sanction this Scheme to the intent that the transfer to the Transferee of the Business Assets of the Transferor provided for thereby on the terms set out in this Scheme and the BTA shall be valid and effective under the laws of Bermuda.

4.3 This Scheme is conditional upon the Transferor obtaining the BMA's non- objection to the Scheme in accordance with section [30JA] of the Act.

4.4 If this Scheme shall not be approved by the Bermuda Court by December 31, 2016 this Scheme shall terminate.

PART C: TRANSFER OF BUSINESS

5.1. Subject to paragraph 12.1, the Transferor's Business Assets will be transferred to and vested in the Transferee and dealt with in accordance with this Scheme and the BTA.

5.2 The transfer of the Business Assets is intended to be a transfer of the Business on a going concern basis.

Transfer of Assets

6.1. At and with effect from the Effective Time each Transferring Asset and all the interest of the Transferor in it will, under the terms of this Scheme and the BTA, be transferred by the Transferor to and be vested in the Transferee, free from all Encumbrances (if any), save and except for any Encumbrances which may arise by operation of law in the ordinary course of business.

6.2. The Transferee will accept such title as the Transferor has at the Completion Date to each Transferring Asset.

6.3. The Transferor and the Transferee will each take all steps and do all things (including the execution and delivery of any documents) as may be required to effect or perfect the transfer to and vesting in the Transferee of any Transferring Asset in accordance with the terms of this Scheme and the BTA.

Transfer of Liabilities

7.1 At and with effect from the Effective Time, the Transferring Liabilities will, by virtue of the terms of this Scheme and the BTA be assumed by the Transferee from the Transferor and become liabilities of the Transferee, with the effect that the Transferor will be released from and the Transferee will succeed to any liability in respect of those Transferring Liabilities.

7.2 The Transferor and the Transferee will each take all such steps and do all such things (including the execution and delivery of any documents) as may be required to effect or perfect the transfer to and vesting in the Transferee of any Transferring Liability in accordance with the terms of this Scheme and the BTA.

Consideration

8.1 The aggregate cash consideration for the sale of the Transferring Assets and the transfer of the Transferring Liabilities under the terms of the BTA (the "**Net Settlement Amount**") shall be an amount equal to the fair market value of the Business as at the Effective Date.

Continuity of Proceedings

9.1 Any judicial, quasi-judicial, disciplinary, administrative or arbitration proceedings that are pending by or against the Transferor in relation to the Transferring Policies, Transferring Assets or Transferring Liabilities will, on with effect from the Effective Time, be continued against the Transferee, and the Transferee will be entitled to all defences, claims, counterclaims and rights of set-off that would have been available to the Transferor in respect of such proceedings.

Rights and Obligations under Transferring Policies

10.1 Under this Scheme and the BTA, at and with effect from the Effective Time, the Transferee will succeed and become entitled to all the rights, discretions, authorities, benefits

and powers of the Transferor whatsoever subsisting at the Effective Time under or by virtue of each Transferring Policy.

10.2 Under this Scheme, and the BTA, every person who is a holder of a Transferring Policy will, at and with effect from the Effective Time, be entitled to the same rights against the Transferee as were available to him/her against the Transferor under that policy and (as regards any Transferring Policy under which premiums or other sums attributable or referable thereto continue to be payable) will, at and with effect from the Effective Time, account to the Transferee for any further or additional premiums or other sums attributable or referable thereto as and when the same become due and payable.

Mandates and other Instructions

11.1 Under this Scheme any mandate or other instruction in force at the Effective Time (including, without limitation, any instruction given to a bank by its customer in the form of an autopay authority or standing order) and providing for the payment by a banker or other intermediary of premiums payable under or in respect of any Transferring Policy or other sums attributable or referable thereto to the Transferor will, at and from the Effective Time, take effect as if it had provided for and authorised such payment to the Transferee. Under this Scheme, any mandate or other instruction given to the and in force at the Effective Time as to the manner of payment of any amounts will, at and from the Effective Time, continue in force as an effective authority to the Transferee.

Construction of Transferring Policies

12.1 Where the benefits of any Transferring Policy are held under the terms of a trust, such terms will operate and be construed, on and from the Effective Time, on a basis consistent with the transfer of such Transferring Policy in accordance with the provisions of this Scheme and the BTA. In particular and without prejudice to the generality of the foregoing, all powers, duties, rights and consents under any such terms conferred on, vested in or required of the Transferor will instead be construed as conferred on, vested in or required of the Transferee.

12.2 With respect to the Transferring Policies, all references to the Transferor's Board of Directors from time to time of the Transferor or other officers or employees of the Transferor shall from after the Transfer Date be read as references to the Board of Directors from time to time or other officers and employees of the Transferee.

Part D: PROPOSED BUSINESS AND FUND STRUCTURE OF THE TRANSFEREE

13.1 At and with effect from the Effective Time and subject to the terms of this Scheme and the BTA, it is intended that the Transferee will maintain the business segments set out below:

- (a) individual life policies, and the riders attaching to those policies;
- (b) individual annuity policies, and the riders attaching to those policies; and
- (c) life reinsurance.

13.2 At and with effect from the Effective Time, and subject to the terms of this Scheme and the BTA it is intended that the Transferee will maintain the Asset Segment set out below to support the

Transferring Policies and Transferring Assets. This Transferee Asset Segment at the Effective Time generally consists of the equivalent Asset Segment of the Transferor and the Transferee supporting the transferring individual life and annuity business segments. The Transferee Asset Segment includes the portfolios supporting the business segments described in paragraphs 13.1(a) and 13.1(b) and are as follows;

Segment: Canadian Guarantee Segment
Portfolio: Canadian Guarantee Segment – Public Bond portfolio
Portfolio: Canadian Guarantee Segment – Public Equity portfolio

13.3 Each Transferring Asset in the Transferor's Canadian Guarantee Segment will, at and with effect from the Effective Time, be allocated to and become part of the Transferee Canadian Guarantee Segment portfolios set out above. At and with effect from the Effective Time, there will be allocated to these Transferee portfolios any Transferring Liabilities properly attributable to the relevant Transferring Policies or Transferring Assets allocated to the these Transferee portfolios.

13.4. For the avoidance of doubt, at some future date following the allocation of relevant Transferring Assets, Transferring Policies or Transferring Liabilities to a Transferee business segment or a Transferee Asset Segment and portfolios pursuant to paragraph 13.3, the Transferee may, following prudent consideration, discontinue segregation of such Transferring Policies, Transferee Asset Segments and portfolios within the Transferee business segments.

PART E: OPERATION OF FUNDS AND POLICY ADMINISTRATION

14.1 At and with effect from the Effective Time, the Transferee Canadian Guarantee Segment will be separately maintained and Transferee will procure that separate accounting records for the Canadian Guarantee Segment be maintained to enable the quantum of the assets and liabilities allocated to the segment to be ascertained.

14.2 At and with effect from the Effective Time, the Transferee will take over from the Transferor the administration of the Transferring Policies.

PART F: MISCELLANEOUS PROVISIONS

Completion Date

15.1 The Completion Date will occur after all of the following have taken place:

(a) the BMA does not object to this Scheme under section 30JB(4)(b) of the Act; and

(b) the Bermuda Order has been made, on a date determined in accordance with the BTA, being no later than December 31, 2016 (or such other date as agreed between the Transferor and the Transferee in writing).

15.2 This Scheme will be deemed to become effective at the Effective Time.

15.3 When the Completion Date is determined the Transferor shall notify in writing all Policyholders of the Completion Date.

Modification

16.1 The Transferor and the Transferee together may at any hearing to sanction this Scheme consent for and on behalf of the persons bound by this Scheme and all other persons concerned, to any modification of or addition to this Scheme or to any additional condition or provision affecting the same, which the Bermuda Court may approve or impose.

Method of Transfer

17.1 On and subject to the terms of this Scheme the transfer of Business Assets from the Transferor to the Transferee shall be effected by the provisions of this Scheme and the BTA.

Costs

18.1 The Transferor will (at its own costs) duly prepare or procure the preparation of all necessary documents (save for any documents which relate solely to the Transferee) in connection with the application to the Bermuda Court and the BMA. The Transferee will (at its own costs) duly prepare or procure the preparation of all necessary documents which relate solely to the Transferor in connection with the application to the Bermuda Court and the BMA.

APPENDIX

Definitions

Act means the Insurance Act 1978 of Bermuda and related rules and regulations.

Asset Segment means a group of assets for which the Transferor or the Transferee has a similar management policy or philosophy.

Bermuda Court means the Supreme Court of Bermuda.

Bermuda Order means an order by the Supreme Court of Bermuda pursuant to section 25 of the Act sanctioning this Scheme.

Business means all the individual life and annuity insurance business carried on by the Transferor as at the Effective Time.

Business Day means a day (other than a Saturday or Sunday or public holiday) on which banks are open for business in Hamilton, Bermuda and Toronto, Canada.

BMA means the Bermuda Monetary Authority.

BTA means the Business Transfer Agreement for the sale and purchase of the Business and related assets and liabilities of the Transferor entered into on [DATE] by and between the Transferor and the Transferee.

Business Assets means the all the Transferor's Business, the Transferring Assets and the Transferring Liabilities.

Business Information means all information (in whatever form maintained or held) relating to the Business including, but not limited to, all:

- (a) know-how, manuals and instructions;
- (b) policyholder lists
- (c) technical, actuarial, investment or other operational information,
- (d) policy administration, claims and servicing records

Business Records means all books and records containing or relating to Business Information or on which the Business Information is recorded (including all human, computer or machine readable documents and material).

Completion Date means the date determined in accordance with paragraph 12.1, upon which the Business Assets are transferred from the Transferor to the Transferee.

Effective Time means 00:00 Bermuda Time on the Completion Date.

Encumbrance means a lien, charge, claim, mortgage, security, option, equitable right, pledge or other third party rights over the interest or rights of the Transferor or any right exercisable by a third party having similar effect.

Excluded Assets shall have the same meaning as defined in the BTA.

Excluded Liabilities shall have the same meaning as defined in the BTA

Insurance Policies means individual life insurance and individual annuity policies written by the Transferor and which are in force or suspended at Completion or under which any liability remains unsatisfied or outstanding at Completion.

Insurance Policies Liabilities means all obligations and liabilities of every kind and description (whether present or future, actual or contingent) of the Transferor, arising from or relating to the Insurance Policies.

Long-term business has the meaning given in section 1 of the Act (as applicable).

Policyholder means a policyholder of any Insurance Policy.

Scheme means this Scheme in its original form or with, or subject to any modification, addition or condition that may be approved pursuant to paragraph 16 or imposed by the Bermuda Court.

Tax or Taxation means taxes, levies, duties, imposts, charges and withholdings of any nature whatsoever imposed by the government of Bermuda or the relevant Tax Authority, together with all penalties, fines, expenses, charges and interest relating to any of them or to any failure to file any return required for the purposes of any of them.

Tax Authority means any taxing, revenue or other authority competent to assess, impose or collect any Tax.

Transferee Business means the life insurance business including long-term business carried on by the Transferee.

Transferring Assets shall have the meaning of the term "Assets" as defined under the BTA.

Transferring Liabilities shall have the same meaning of the term "Liabilities" as defined under the BTA.

Transferring Policies means all Insurance Policies to be transferred to the Transferee on the Completion Date, each such Policy being a Transferring Policy.