

April 2007

Dear Intermediary

With Profits Funds Update 2007

Last January, we wrote to you promising to keep you informed of the performance of the Scottish Provident Limited and Scottish Mutual International With Profits Funds, and what this means for your customers who may be invested in these Funds. This is part of our commitment to providing you with the information you need to help advise and support these customers.

Fund Performance

The changes to our fund strategy that we told you about in July 2004 continue to apply.

Over the last year, to 31 December 2006, as a result of our asset mix and approach to risk the funds delivered gross investment returns as follows:

- o Scottish Provident Limited 6.3%
- o Scottish Mutual International 6.6%

Please remember that past performance is not an indication of future performance and the value can fall as well as rise.

Final Bonuses and Market Value Reductions (MVRs)

We continue to manage our bonus policy according to the principles that we have explained in recent years and have published in our Principles and Practices of Financial Management. The fairest way of sharing out the available assets and investment earnings in the funds for all customers is to continue the practice of reviewing Final Bonuses rather than Annual Bonuses, and reviewing MVRs where appropriate.

For the Scottish Provident Limited Fund we are therefore declaring no Annual Bonus for 2006, except for those contracts where a guaranteed annual bonus rate is in place. The final bonus scale will be reviewed again in June 2007.

For the Scottish Mutual International Fund we are continuing to declare an Annual Bonus of 2.25%. The final bonus scale will also be reviewed again in June 2007. MVRs will continue to be reviewed regularly.

Consistency of Approach

We will continue to concentrate on regular reviews of final bonus to reflect investment returns. This allows us to protect the long-term interests of all investors in the Fund and to continue to treat all policyholder groups fairly.

For more detailed information visit www.scotprov.ie where you will find:

- o 2007 With Profits Your Questions Answered
- o Final Bonus Rates
- o MVR Tables (for Scottish Mutual International)



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- o Principles and Practices of Financial Management (PPFMs)

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Keeping Your Clients Informed

We will soon be writing to Scottish Provident Limited and Scottish Mutual International policyholders and trustees with details of this update and how it affects them. Samples will shortly be available on our website at www.scotprov.ie

If you have any further queries, please call our helpline on 01 - 639 9859 between 9.00AM and 5.00 PM Monday to Friday or email us at broker.support@scotprov.ie .

Your sincerely,

Shay Hiney
Intermediary Relationship Manager

This letter is aimed at intermediaries and investment professionals only.