

Review of Final (or terminal) Bonuses 1 January 2008

As outlined in our 2006 (for traditional with profits business) and 2007 (for Unitised With Profits business) Bonus Declaration Communications, which was issued to all Intermediaries and With Profit Policyholders in June 2007 and in line with the standard review of the With Profit Funds,

- the Scottish Provident Limited Supervisory Board and
- the Scottish Mutual International Board

have recently reviewed the Final (Terminal) bonus rates and related factors for With-Profits policies, both Conventional With Profits and Unitised With Profits, for both **Scottish Provident Limited** (SPL – policies written before 1 August 2001) and **Scottish Mutual International domestic** business (SMI – policies written after 1 August 2001).

The review was carried out in November 2007, and the revised rates were implemented on 1 January 2008

The attached letter, Intermediary Bonus Letter January 2008.pdf is being issued to all our intermediaries this week.

The document 'January 2008 Terminal Bonuses. pdf shows the revised terminal bonuses and, where applicable for Scottish Mutual International domestic business, the few Market Value Reduction (MVR) rates.

The next planned review of Terminal Bonus will be implemented in July 2008.

However, MVRs are reviewed more regularly, and, depending on investment experience, Terminal Bonuses may be reviewed outside the January/July review dates.