



Phoenix Ireland
Styne House
Upper Hatch Street
Dublin 2
Ireland

Tel: 01 639 9859
Fax: 01 638 2901

Our Reference: Final Bonus/LO'N
July 2009

<< Broker Name >>
<<Address Line 1 >>
<<Address Line 2 >>
<<Address Line 3 >>
<<Address Line 4 >>
<<Address Line 5 >>

Dear Intermediary

Phoenix Ireland – With-Profits Funds update

I am writing to update you with details of our revised final bonuses & market value reductions (MVRs) which came into effect from 1 July 2009 for Phoenix Life Limited SPI With-Profits Fund and Scottish Mutual International Limited (SMI) domestic business.

Final bonuses and MVRs have been reviewed against the existing scales and take into account current investment conditions and investment experience since the rates were last reviewed.

Phoenix Life Limited – SPI With-Profits Fund

Traditional With-Profits Maturing Policies

Please visit our website www.phoenixireland.ie for more details. 'Final Bonus Review / MVRs applicable from 1 July 2009 can be found under the "Latest News" section. You can also find a copy of the latest **Principles and Practices of Financial Management (PPFM) for the SPI With-Profits Fund of Phoenix Life Limited** on our website.

Smoothing

Our PPFM sets out our practice and approach to the frequency of the final bonus review. Principle 13.7 and its associated practices set out our smoothing practices.

Given the extreme investment conditions recently, we have allowed larger changes in payouts on similar policies than we would under normal circumstances. This is described in our PPFM.

Traditional Life

Regular premium plans

Maturity payouts on similar policies have reduced by up to 12.5% as a result of the July 2009 final bonus review.

Single premium bonds

For 10-year Single Premium Endowment Bonds, we are currently unable to add any final bonus to policies maturing in the second half of 2009.

Continued

Traditional Pensions

E-Types and SEDA Plans

Maturity payouts on similar policies have reduced by up to 12.5% as a result of the July 2009 final bonus review. We are currently unable to add any final bonus at maturity for many policies.

Encashment / Transfer Values

We have also reviewed surrender and transfer values to take into account the latest investment performance of the with-profits fund. Encashment / transfer values have generally reduced from 1 July 2009. This has been necessary to ensure that payouts remain at a fair level.

Unitised With Profits

Final bonus rates have been reviewed from 1 July 2009 and market value reductions have been reviewed regularly in 2009 to ensure that payouts remain at a fair level. Market value reductions may be applied to reduce final bonuses on surrender.

Payouts on maturing unitised with-profits policies have reduced by up to 12.5%. We will continue to review market value reductions regularly.

We will normally review final bonuses twice each year, from 1 January and 1 July. Market value reductions will be reviewed more frequently. Final bonuses and market value reductions are not guaranteed and we may change them at any time.

Scottish Mutual International Limited (SMI) domestic business - Unitised with-profits policies written on or after 1 August 2001

Final bonus rates have been reviewed from 1 July 2009 and market value reductions have been reviewed regularly in 2009 to ensure that payouts remain at a fair level.

The majority of payouts have remained unchanged following the review of final bonuses. We will continue to review market value reductions regularly.

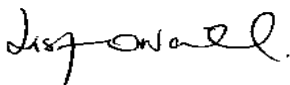
We will normally review final bonuses twice each year, from 1 January and 1 July. Market value reductions are reviewed more frequently. Final bonuses and market value reductions are not guaranteed and we may change them at any time.

General

If there are other individuals in your organisation that you feel should have a copy of this note, can you please pass it on to them?

Further information can be obtained from our website, by emailing us at info@pqlireland.net, by writing to the above address or calling our Contact Team on 01-639-9859 between 9.00am and 5.00pm Monday to Friday.

Yours sincerely



Lisa O'Neill
Operations Manager