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Addr Line 4	Date Issued:	June 2009
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Ireland		

Dear Intermediary

With-profits funds update

We will soon be writing to Phoenix Ireland and Scottish Mutual International with-profit policyholders and trustees with details of this update and how it affects them. Samples of these letters will be available shortly on our website at www.phoenixireland.ie.

Transfer to Phoenix Life Limited

The life assurance, pension and investment business of Scottish Provident Limited was transferred to Phoenix Life Limited on 6 February 2009. The Scottish Provident Limited with-profits policies were transferred to the newly created Phoenix Life Limited SPI With-Profits Fund. The remaining policies were transferred to the existing Non-Profit Fund in Phoenix Life Limited. The transfer should not lead to any change in the way in which we manage the with-profits funds.

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 (PPFM). 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 market value reductions where appropriate.

For former Scottish Provident with-profits business we are therefore declaring no annual bonus for the year ending 2008, except for our Pensions Unitised With Profits Fund - Series 1 - where a guarantee of 4% applies to units purchased before 1 October 1999.

The annual bonus rate for With-Profits Series 3 and With-Profits Series 4 units in the Scottish Mutual International (SMI) with-profits fund is declared in advance. From 1 May 2009 the annual bonus rate is 0.75%. This annual bonus rate increases the value of with-profits units. The annual bonus has been reduced compared with the rate declared last year because of the current low interest rate environment and the poor investment returns achieved in 2008.

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



Fund Performance

Over the last year, to 31 December 2008, as a result of our asset mix and approach to risk, the Funds delivered gross investment returns as follows: -

- Former Scottish Provident with-profits fund -19%
- Scottish Mutual International with-profits fund -17%

Please remember that past performance is not an indication of future performance and the value of investments can go down as well as up.

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 funds and to continue to treat all policyholder groups fairly.

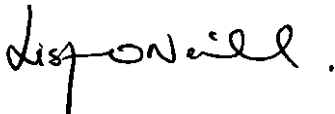
Keeping Your Clients Informed

For more detailed information visit our website www.phoenixireland.ie, where you will find the following documentation: -

- Changes to the way in which we manage our with profits fund
- Principles and Practices of Financial Management (PPFMs)
- Final bonus rates
- MVR Tables

If you have any further queries, please call our customer helpline on 01 - 639 9859 between 9.00am and 5.00pm Monday to Friday or email us at info@pglireland.net.

Yours faithfully



Lisa O'Neill
Operations Manager

This letter is aimed at intermediaries and investment professionals only.