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Dear Intermediary

WITH-PROFITS FUNDS UPDATE

We will soon be writing to Phoenix Ireland and Scottish Mutual International Limited (SMI) domestic 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.

Final bonuses and market value reductions (MVRs)

We have reviewed our policy of concentrating on final bonuses before reintroducing or increasing annual bonuses. We continue to believe that this is the best and fairest way for all our policyholders to benefit from the returns of the with-profits fund.

We will normally review final bonus rates twice a year, in 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 without notice.

For Phoenix Life Limited SPI With-Profits business (formerly Scottish Provident With-Profits) we are declaring no annual bonus for the year ending 2009, 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 annually in advance. From 1 May 2010 the annual bonus rate is 0.75%. This annual bonus rate increases the value of with-profits units. The annual bonus has been maintained at the same rate as declared last year.

Fund performance

Over the last year, to 31 December 2009, the return on the investments in the with-profits funds (before tax and charges) was as follows:

- Phoenix Life Limited SPI With-Profits Fund 16%
- Scottish Mutual International Limited With-Profits Fund 15%

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: -

- Sample Letters to policyholders
- Principles and Practices of Financial Management (PPFMs)
- Final bonus rates
- MVR Tables

If you have any questions please call our contact desk or write to us if preferred. Our contact details and opening hours are shown on the top of this letter.

Yours faithfully



Lisa O'Neill
Operations Manager

This letter is aimed at intermediaries and investment professionals only.