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Monday to Friday: 9am to 5pm
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www.phoenixireland.ie
Date issued: June 2010

Reference Number: 1234567A

Dear Sir/Madam

YOUR ANNUAL BONUS UPDATE

I am writing to provide you with information about the with-profits fund between the period 1 January 2009 to 31 December 2009. This includes:

- the most recent performance of the with-profits fund
- changes to the way in which we manage the with-profits fund

You do not have to contact us at this point. However, it is important that you read the information below, as well as the enclosed 'Additional Information', as this could affect any decisions you might make about your policy now or in the future.

It is important that you review your investment and pension arrangements on a regular basis and we recommend that you speak to your independent intermediary.

Have your details changed?

If any of your details have changed or are incorrect, please complete the relevant section of the enclosed form and return it to us to enable us to update our records.

If you need to contact us

If you have any questions please call our Customer Helpline or write to us if preferred. Our contact details and opening hours are shown on the top of this letter together with your reference number which you will need to provide when contacting us.

Yours faithfully



Lisa O'Neill
Operations Manager

Enclosures: Additional Information
Changes of details form



Date: June 2010

Additional Information

Each year we provide an update on the performance of the Scottish Mutual International Limited With-Profits Fund and how this affects our policyholders. You should read these pages carefully.

Further information about the with-profits fund

The annual bonus rate for With-Profits Series 3 and With-Profits Series 4 units is declared 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 declared last year.

We have reviewed our policy of concentrating on final bonuses and reducing market value reductions (MVRs) before increasing annual bonuses to provide policyholders with their fair share of the investment returns. 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 and we will review the levels of final bonus at least twice each year, usually in January and July. Final bonus rates are not guaranteed and we may change them at any time.

Asset split

The with-profits fund consists of a wide range of assets with the aim of providing good growth potential over the medium to long term. On 31 December 2009, the split of investments for with-profits policies was approximately:

| | |
|---|-----|
| Fixed Interest Stocks - issued by euro governments | 27% |
| Fixed interest stocks - other (including corporate bonds) | 0% |
| Company Shares (equities) | 51% |
| Property | 0% |
| Cash/Other | 22% |

The investment mix for with-profits policies has changed over time. At 31 December 2009, the fixed interest assets were all invested in euro government bonds. In 2010 we expect to introduce corporate bonds into the fixed interest assets. Initially we expect to move 20% of the fixed interest assets into corporate bonds and later this may rise to 40%. At 31 December 2009, about 80% of the equities were European equities. In 2010 we expect to reduce this proportion to about 67% and invest more in other equity markets.



Fund Performance

From 1 January 2009 to 31 December 2009, the return on the investments in the with-profits fund for with-profits policies was 15% (before tax and charges).

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

Final bonus and market value reduction (MVR) review

Final bonus rates are reviewed at least twice a year, normally in January and July. Final bonuses are not guaranteed and we may change them at any time. Final bonus rates were last reviewed with effect from 1 January 2010. The current scale of final bonus rates is available on our website www.phoenixireland.ie under the 'Latest News' heading.

If you require a copy of the current final bonus rates, please write to us, or call our customer helpline using the details on the top of this letter.

We may apply a market value reduction (MVR) to make sure that any amount paid out when a policy is surrendered reflects the performance of the with-profits fund up to that point. We do this to ensure that we are being fair to policyholders leaving the with-profits fund and those remaining in the with-profits fund.

Market value reductions are not guaranteed and we may change them at any time. We publish final bonuses and market value reductions on our website www.phoenixireland.ie. We will not apply a market value reduction on death. We will additionally not apply a market value reduction on maturity, on retirement at the selected retirement date or on surrender at a guarantee date. Please see your policy documents for more details.

How can I find out more?

You can request a copy of the guide to how we manage the with-profits fund by calling our Customer Helpline or, if you prefer, by writing to us or e-mailing us. Our contact details are on the first page of this letter.

Change of details form, continued

PLEASE ENSURE THAT YOU COMPLETE THIS SECTION:

First policy holder signature:

Date

Second policy holder
signature:
(if applicable)

Date

As there may be occasions when we have to contact you about the information that you have provided, please provide a contact telephone number. Please also indicate if a morning, afternoon or early evening call would be preferred.

Telephone number:

Preferred call time (please tick all that apply):

morning:

afternoon:

early evening:

We will only use this number to contact you about the information you have provided above.

