



Phoenix Ireland
Styne House
Upper Hatch Street
Dublin 2

Customer Contact Desk Ph: 00353 1 639 9859
Monday to Friday: 9am to 5pm
Fax: 00353 1 638 2901
Email: info@pglireland.net
www.phoenixireland.ie

ADDRESSEE NAME
ADDR LINE 1
ADDR LINE 2
ADDR LINE 3
ADDR LINE 4
ADDR LINE 5

Dear Policyholder

Policy Number: 1111111A to 2222222A

YOUR ANNUAL BONUS UPDATE

I am writing to keep you up to date with the performance of the with-profits fund for the period 1 January 2010 to 31 December 2010 and what this means for you.

The Statement provides you with information about any bonus we added to your policy. The Additional Information provides you with information about 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 Statement and Additional Information, as this could affect any decisions you might make about your policy now or in the future.

If your policy has a maturity (end) date, we will contact you before the maturity of your policy with details of your options.

It is important that you review your Investment arrangements on a regular basis. To do this, or if you are interested in making further savings and investments we recommend that you speak to your Independent Intermediary.

Want To Know More?

We strongly recommend you read the enclosed documents

- Your Policy Statement
- Additional Information

If you still have any questions or want to discuss any other features of your policy, we recommend that you talk to your Independent Intermediary or contact us (contact details above).

Phoenix Ireland is the trading name used by Scottish Mutual International Limited and Phoenix Life Limited. Scottish Mutual International Limited is authorised and regulated by the Central Bank of Ireland and is registered in Ireland (Company No. 242244). The company's registered office is 25-28 North Wall Quay Dublin 1, Ireland. An up-to-date list of its directors, containing the particulars required by paragraphs (a), (b) and (c) of section 196(1) of the Companies Act 1963, is available upon request from the company's registered office.

Phoenix Life Limited is authorised and regulated in the United Kingdom by the Financial Services Authority. Phoenix Life Limited is incorporated in England (Company No. 1016269) and has a registered branch in Ireland (Branch No. 906073). The company's registered office is 1 Wythall Green Way, Wythall, Birmingham B47 6WG United Kingdom. Its directors are A B Davidson (UK), J P Evans (UK), M J Merrick (UK), A Moss (UK), M D Ross (UK), J C Park (UK), W R Treen (UK), M N Urmston (UK) and J Yates (UK).

Change of our Office Address:

Please note that from the end of July 2011, our administration office will be moving from Styne House, Upper Hatch Street, Dublin 2. Our new administration office will be located at:

16 Joyce Way,
Parkwest Business Park,
Dublin 12.

Please address any correspondence to us at our new address from the end of July. Our telephone, e-mail and website details are located at the top of this letter and remain unchanged.

If you need to contact us

If you have any questions about your annual bonus statement, 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 policy number which you will need to provide when contacting us.

Yours faithfully



Lisa O'Neill
Operations Manager

Enclosures: Annual Bonus Statement
Additional Information

2010

YOUR POLICY STATEMENT

DR D CUSTOMER
STYNE HOUSE
UPPER HATCH STREET
DUBLIN 2
IRELAND

Policy Nos. 1111111F to 2222222F , 3333333F to 4444444F , 5555555G to 6666666G

Bonuses added at 31 December 2010

Life Assured: DR D CUSTOMER

Policy Number	Mortgage Repayment Year	Guaranteed Cash Sum in that year	Declared Bonus			
			Previous total %	2010 addition %	New total %	Total Bonus to date
1111111F to 2222222F	2011	€ 78,102.00 Each segment (1)	13.45% Minimum sum payable on death €	nil	13.45%	€ 10,504.72
3333333F to 4444444F	2011	€ 105,337.00 Each segment (1)	13.45% Minimum sum payable on death €	nil	13.45%	€ 14,167.83
5555555G to 6666666G	2011	€ 71,295.00 Each segment (1)	13.45% Minimum sum payable on death €	nil	13.45%	€ 9,589.18

Please see the explanations and notes overleaf.

Your bonus statement explained

Mortgage Repayment Year

This is the year we pay the proceeds of your policy. If no year is shown, we will pay the proceeds of your policy when the life assured dies.

Guaranteed Cash Sum in that Year

This is the basic amount we will pay when your policy matures or, for some contracts, when the life assured dies. We will also pay any bonuses on top of this amount.

Previous total %

This is the total of all annual bonuses we have previously added to your policy.

2010 addition %

This is the bonus we will add to the previous total.

New total %

This is the sum of the previous total and the 2010 addition.

Total Bonus to date

The total amount of bonus added to your policy to date.

Bonus notes

1. The bonus will be paid with the basic with-profits sum assured when your policy matures or when the life assured dies. You cannot take it as a cash sum now.
2. If no year of maturity is shown on your statement we will pay the bonus along with the basic with-profits sum assured when the life assured dies.
3. We assume that your premiums are up to date and that any premiums due will continue to be paid.
4. If you have any other types of with-profits policy they will be shown on a separate statement.
5. This statement is for information only and does not give any legal right. It may not reflect any recent dealings relating to your policy. We may correct any mistake this statement may contain.
6. Where your policy is segmented, the figures quoted relate to each individual segment.
7. If you take your benefits early, stop paying or reduce contributions to your policy the total benefit will be less than shown in the table above.
8. Please remember the addition and amount of any future bonuses is not guaranteed. The value of any final bonus can go down as well as up, which will affect the benefits you receive.

Date: June 2011

Additional Information

Each year we provide an update on the performance of the with-profits fund and how this affects our policyholders. You should read these pages carefully.

Your traditional with-profits policy is invested in the Phoenix Life Limited SPI With-Profits Fund ('the with-profits fund').

Our guide, 'How we manage the Phoenix Life Limited SPI With-Profits Fund' ('the guide') is available on our website www.phoenixireland.ie or you can ask us for a copy.

Further information about the with-profits fund

The annual bonus rate on the with-profits fund between 1 January 2010 and 31 December 2010 was 0% of the basic benefit and 0% of the previous bonuses.

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 and we will review the levels of final bonus at least twice each year, normally in January and July. Final bonuses are not guaranteed and we may change them at any time.

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 2010, the split of investments for with-profits policies was approximately:

Investment type	Traditional life policy	Traditional pensions policy
Company shares (equities)	49%	30%
Fixed interest stocks - issued by the euro governments	26%	37%
Fixed interest stocks - other (including corporate bonds)	21%	30%
Property	0%	0%
Cash	1%	1%
Other	3%	2%

Last year we told you about the changes we expected to make to the investments underlying policies in the with-profits fund. These changes are mostly complete. The changes include having different mixes of investments for different groups of policies and introducing property and alternative assets, such as hedge funds. In due course, we expect to invest in some property and reduce the amount we invest in equities.

Fund performance

The return on the investments in the with-profits fund for 2010 was:

- 5% for traditional with-profits life policies; and
- 3% for traditional with-profits pension policies.

These returns are before tax, expenses 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.

Estate distribution

In the guide we mention that we work out bonuses by considering the underlying value of policies. We also mention that we expect to include a fair share of any distribution of the estate in the underlying value of with-profits policies once the estate is large enough to cover the risks in the with-profits fund.

We are currently (as at 1 January 2011) including a distribution of the estate when we set final bonuses. Based on the estate at the end of June 2010, we added a small estate distribution of 1.3% of underlying policy values for 2010. We also included an additional estate distribution of 6.3% of the underlying policy values when we set the January 2011 final bonuses. This means that final bonuses are currently higher than they would otherwise be.

We do not guarantee that we will be able to continue this level of estate distribution in future and we normally review the level twice a year. In particular, poor investment conditions are likely to mean that we will reduce or remove the current estate distribution.

Changes to how we manage our with-profits fund

You may recall that we aim to operate our with-profits fund in accordance with our Principles and Practices of Financial Management (PPFM).

During 2010, we made some changes to our PPFM. The changes we made in relation to the Phoenix Life Limited SPI With-Profits Fund are set out below.

- We have updated the PPFM to reflect changes which occurred in the business over the year:
 - The group which Phoenix Life Limited is part of was renamed Phoenix Group Holdings. This has no direct impact on the SPI With-Profits Fund.
 - The Phoenix Group company that provides administration services to our with-profits funds sub-contracts some of these services to non related companies and there were changes in some of these arrangements.
- We updated the smoothing section to show how we had applied smoothing for the July 2010 final bonuses due to the unusual investment conditions. For the July 2010 final bonus changes we allowed an additional 5% increase in total maturity payouts before smoothing applied. This meant that we generally limited increases in total maturity payouts to 12.5% compared to similar maturity payouts in January 2010. Normally we would have generally limited the change in similar maturity payouts to 7.5%. Although not a change to the PPFM, changes in final bonuses and total maturity payouts due to changes in the level of estate distributions are outside the normal smoothing and the full impact of these changes is reflected in the final bonuses and total maturity payouts. As a result changes in payouts may have exceeded 12.5% for the July 2010 final bonuses and 7.5% for January 2011 final bonuses due to changes in the level of estate distribution.
- We made a small change in the way we calculate surrender values for traditional with-profits policies.

- We updated the smoothing section to reflect that we apply some smoothing to the final bonuses for single premium traditional business.
- We updated the investment strategy section to reflect the changes we explained in the 'further information about the with-profits fund' section included with last year's bonus / with-profits update. The changes included having different mixes of investments for different groups of policies and introducing property and alternative assets, such as hedge funds.
- We updated some of the information to reflect the latest position. In particular the latest estate distribution details were updated.

In February 2011 we transferred the policies of our sister company Phoenix & London Assurance Limited to Phoenix Life Limited. The policies were transferred into a new with-profits fund in Phoenix Life Limited. None of the transferring policies were transferred to the SPI With-Profits Fund. This transfer has not changed the way we manage the SPI With-Profits Fund or the with-profits policies in it.

The February 2011 PPFM for Phoenix Life Limited was updated to allow for this transfer and changes. Changes were made to take account of the transfer, related events and to create a consistent style and presentation. Apart from those changes, the February 2011 Phoenix Life Limited PPFM reflected the existing Phoenix Life Limited PPFM and the PPFM of Phoenix & London Assurance Limited.

We also made changes in respect of Phoenix Life Limited's other with-profits funds, but these changes do not affect policies invested in the SPI With-Profits Fund.

None of these changes are sufficiently material to affect the guide to how we manage the with-profits fund.

This information should be read with our revised PPFM document which is available on our website www.phoenixireland.ie, or you can contact us for a copy.

Each year we publish a report to demonstrate how we have complied with the PPFM. Our annual report to demonstrate how we have complied with the PPFM for 2010 will be available from July 2011 on our website www.phoenixireland.ie, or you can contact us for a copy.

How can I find out more?

The guide to how we manage our with-profits fund and the full PPFM document are available on our website www.phoenixireland.ie. You can also ask for a copy using the contact details on the first page of this letter.