Scottish Mutual International Ltd
Styne House
Upper Hatch Street
Dublin 2
Ireland

Tel: 00353 1 804 4000
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May 2008

Dear Policyholder

Scottish Mutual International (SMI) With Profits Series 1 Customers.

Policy number <<policy number>>.

Your With Profits Policy

I am writing to keep you up to date with the performance of the SMI With Profits Series 1 Fund and what this means for you.

How we manage the With Profits Fund

We are dedicated to ensuring that all our With Profits policyholders are treated fairly. To do this we continue to manage our With Profits Fund as explained in our Principles and Practices of Financial Management.

Deciding on Annual and Final Bonus and Reducing Market Value Reductions (MVR)

We have declared a zero annual bonus for 2008. We continue to review the final bonus amounts on a regular basis and we will send you a letter annually as well as providing updates on our website www.smi.ie.

A MVR will reduce the value of the units when you take them out of the Fund. It is designed to ensure that all policyholders are treated fairly.

Fund Performance

From 1 January 2007 to 31 December 2007, the Fund delivered the following returns (before tax and charges): Euro 3.1%, US Dollar 7.0% and Sterling 5.3%

The Fund returns are taken into account when determining Final Bonus. The Final Bonus rates were last reviewed in November 2007 and will be reviewed again in June 2008.

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

Scottish Mutual International Ltd is regulated by the Irish Financial Regulator and is a Resolution company. Registered Office: 25-28 North Wall Quay, Dublin 1, Ireland. Registered in Ireland no. 242244.
Address for correspondence: Scottish Mutual International Ltd, Styne House, Upper Hatch Street, Dublin 2, Ireland.
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Want To Know More?

We strongly recommend you read the enclosed '2008 With Profits – Additional Information document which gives you more information about how we manage the With Profits Fund.

If you still have any questions or want to discuss any other features of your policy, we recommend you talk to your Financial Adviser.

Have Your Contact Details Changed?

Please find enclosed Change of Details form which you should complete and return if there has been any change to your contact details, so that we can update our records. You can also inform us of any changes by calling the number overleaf.

Yours faithfully,

Niall Gallagher
Director

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