



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

Tel: 00353 1 804 4000
Fax: 00353 1 8044005

April 2007

Dear Intermediary

With Profits Funds Update 2007

I am writing to advise you of the performance of the Scottish Mutual International (SMI) With Profits Funds and what this means for your customers who may be invested in these Funds. This is part of our commitment to providing you with the information you need to help advise and support these customers.

Fund Performance

The changes to our fund strategy that we told you about in July 2004 continue to apply.

Over the last year, to 31 December 2006, as a result of our asset mix and approach to risk the funds delivered gross investment returns as follows:

- SMI With Profits Series 1 Fund (which is reassured to the Scottish Mutual Assurance With Profits Fund) : Euro 7.5%, US Dollar 9.5% and Sterling 6.2%
- SMI Dublin With Profits (Series 1, 2 and 5): Euro 6.6%, US Dollar 9.2% and Sterling 6.3%

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

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. 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 MVRs where appropriate.

For the SMI With Profits Series 1 Fund we are therefore declaring no Annual Bonus for 2007. The Final Bonus scale will be reviewed again in June 2007.

For the SMI Dublin With Profits Fund (Series 1, 2 and 5) we are continuing to declare an Annual Bonus of 2% for the Euro and US Dollar sub-funds, and 2.5% for the Sterling sub-fund. The Final Bonus scale will also be reviewed again in June 2007.

MVRs for both Funds will continue to be reviewed regularly, normally monthly, although changes will only apply if the change is sufficient to move MVRs. MVRs may be reviewed more frequently in line with market fluctuations.

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.
Telephone number (+353-1) 8044000. Telephone calls may be recorded. Fax (+353-1) 8044005. Website: www.smi.ie



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

Tel: 00353 1 804 4000
Fax: 00353 1 8044005

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.

For more detailed information visit www.smi.ie where you will shortly find:

- o 2007 With Profits Your Questions Answered
- o Illustrative MVR and Final Bonus Rate tables
- o Principles and Practices of Financial Management (PPFMs)

Keeping Your Clients Informed

We will soon be writing to all With Profits policyholders with details of this update and how it affects them. Samples will shortly be available on our website at www.smi.ie

If you have any further queries, please call our helpline on +353 1 8044014 between 10.00 and 16.00 Monday to Friday or email us at info@smi.ie

Your sincerely,

A handwritten signature in black ink, appearing to read "Niall Gallagher".

Niall Gallagher
Director

This letter is aimed at intermediaries and investment professionals only.

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.
Telephone number (+353-1) 8044000. Telephone calls may be recorded. Fax (+353-1) 8044005. Website: www.smi.ie