

Review of Final (or terminal) Bonuses 1 July 2007

As outlined in our 2006 (for traditional with profits business) and 2007 (for Unitised With Profits business) Bonus Declaration, which was issued to all With Profit Policyholders in June 2007, and in line with the standard review of the With Profit Funds;

- the Scottish Provident Limited Supervisory Board and
- the Scottish Mutual International Board

have recently reviewed the Final (Terminal) bonus rates and related factors for With Profits policies – both Conventional With Profits and Unitised With Profits – for both Scottish Provident Limited (SPL – policies written before 1 August 2001) and Scottish Mutual International domestic business (SMI – policies written after 1 August 2001).

The review was carried out in June 2007, and the revised rates were implemented on 2 July 2007

The two documents below are letters being issued to all intermediaries this week, along with a Leaflet which outlines the revised rates.

Going forward, it is planned there will be formal reviews of Terminal Bonus each January and July.

However, MVRs are reviewed more regularly and, depending on investment experience, TBs may be reviewed outside the January/July review dates.