

Important Information for Phoenix With-Profits Fund Unitised With Profits Policies

Introduction

This leaflet is our regular update on investment performance, bonus rates, charges and guarantees. We have previously sent you a copy of our guide, "How we manage the Phoenix Life Limited - Phoenix With-Profits Fund" ('the Guide'). This guide, which gives important information about how your with profits policy works, is available on our website www.phoenixlifegroup.co.uk or on request. As we refer to this guide throughout this leaflet, you may wish to read it again before reading this leaflet.

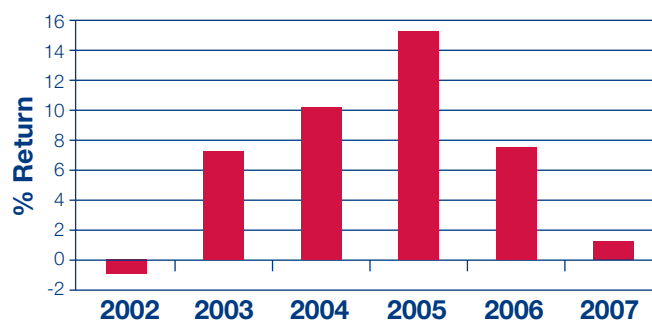
Investment markets

We invest in a mix of assets such as equities (company shares), property and bonds (types of loan issued by the Government or companies).

- UK Government bonds ('Gilts') returned between -5% and 7%¹ in 2007 depending on term.
- Bonds issued by companies did not perform as well as those issued by the Government during 2007, mainly due to concerns over lending practices in the international banking sector.
- Stock markets worldwide rose during 2007, with UK shares ending the year 1% above their peak in 2000². Our share investments returned 5% over the year.
- Our commercial property investments performed poorly, returning about -11% in 2007.

The figures above are before tax.

The chart opposite shows the investment returns (net of tax) earned in the last six years in respect of 25-year term regular premium personal pensions with retirement dates in 2015 invested in the Profit Plus Fund of the Phoenix Life Limited - Phoenix With-Profits ('PLL PWP') Fund. Different values will apply for different years of retirement and terms, and for other types of policy.



Source: Phoenix Life Group. Past performance is not necessarily a guide to future performance.

Investment approach

The Guide outlines our approach to investment. It is particularly important for you to be aware that the proportion of investments with higher risk and, therefore higher performance potential, is not the same for all policies.

During 2007, we increased the proportion of our assets invested in higher risk investments such as shares and property. For policies already invested in higher risk investments, we have generally increased the amount invested in these investments, and therefore increased the potential for a higher return. As a result, the amount invested in lower risk investments has reduced for these policies.

Table 1 (at the end of this leaflet) shows the approximate share and property proportions we held at 31 December 2007 for specimen policies of different periods remaining to selected retirement date invested in the PLL PWP Profit Plus Fund. For policies with exposure to higher risk investments, we will reduce this exposure as the policies get nearer to retirement.

¹ FTSE UK gilt price curves 31.12.06 - 31.12.07.

² FTSE All-share index 31.12.07.

Annual bonuses

The current annual bonus rate for policies invested in the PLL PWP Profit Plus Fund is 0.1% and this rate has been applied since 1 January 2004. Annual bonus is added to your policy by the periodic allocation of bonus units. These bonus units reflect the excess profits after meeting the cost of providing the guaranteed return. The guaranteed return is based on the increase in unit price from their purchase price to their eventual value of £1 at the specified retirement date. For early surrender on policies invested in the PLL PWP Profit Plus Fund, the unit price may be lower than £1.

The Guide explains the conditions under which annual bonuses may be added.

Guarantees and charges

Currently, we do not take account of the cost of guarantees when calculating the bonuses applying to your policy. However this is not guaranteed and could change if our expected cost of guarantees were to change in future.

If you are considering surrendering your policy early, you should take into account the value of the guaranteed benefits which you will be giving up.

Final bonuses

The Guide explains how we determine final bonus rates. The final bonus rate that applies from 1 July 2008 for retirements on the selected retirement date is 35% of the attaching annual bonus units at that date.

Compliance with the Principles and Practices of Financial Management

In common with other insurance companies which have issued with profits policies, we maintain a document which sets out the principles which we apply to the management of our with profits policies and the current methods we adopt to put those principles into practice. This is called our Principles and Practices of Financial Management ('PPFM'). You can find this document on our website.

During 2007, we reported on our compliance with our PPFM in 2006. This report is also available on our website. In summary, we considered that we complied with our PPFM, in all material respects, throughout 2006 and noted that our With Profits Committee and our With Profits Actuary both agreed with this conclusion. We expect to report on our compliance with the PPFM in 2007 by 30 June 2008.

Table 1 – For policies invested in the PLL PWP Profit Plus Fund, this table shows the approximate share and property proportions held at 31 December 2007 for specimen policies with different maturity years.

Regular Premium Policies

Year of Issue	Year of Maturity													
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
Proportions of Shares and Property														
2001	13% / 9%	17% / 10%	21% / 12%	24% / 14%	28% / 16%	32% / 18%	36% / 20%	40% / 22%	44% / 24%	45% / 24%	45% / 24%	45% / 24%	45% / 24%	45% / 24%
2000	13% / 9%	17% / 10%	21% / 12%	24% / 14%	28% / 16%	32% / 18%	36% / 20%	40% / 22%	44% / 24%	45% / 24%	45% / 24%	45% / 24%	45% / 24%	45% / 24%
1999	13% / 9%	17% / 10%	21% / 12%	24% / 14%	28% / 16%	32% / 18%	36% / 20%	40% / 22%	44% / 24%	45% / 24%	45% / 24%	45% / 24%	45% / 24%	45% / 24%
1998	13% / 9%	17% / 10%	21% / 12%	24% / 14%	28% / 16%	32% / 18%	36% / 20%	40% / 22%	44% / 24%	45% / 24%	45% / 24%	45% / 24%	45% / 24%	45% / 24%
1997	13% / 9%	17% / 10%	21% / 12%	24% / 14%	28% / 16%	32% / 18%	36% / 20%	40% / 22%	44% / 24%	45% / 24%	45% / 24%	45% / 24%	45% / 24%	45% / 24%
1996	13% / 9%	17% / 10%	21% / 12%	24% / 14%	28% / 16%	32% / 18%	36% / 20%	40% / 22%	44% / 24%	45% / 24%	45% / 24%	45% / 24%	45% / 24%	45% / 24%
1995	13% / 9%	17% / 10%	21% / 12%	24% / 14%	28% / 16%	32% / 18%	36% / 20%	40% / 22%	44% / 24%	45% / 24%	45% / 24%	45% / 24%	45% / 24%	45% / 24%
1994	13% / 9%	17% / 10%	21% / 12%	24% / 14%	28% / 16%	32% / 18%	36% / 20%	40% / 22%	44% / 24%	45% / 24%	45% / 24%	45% / 24%	45% / 24%	45% / 24%
1993	13% / 9%	17% / 10%	21% / 12%	24% / 14%	28% / 16%	32% / 18%	36% / 20%	40% / 22%	44% / 24%	45% / 24%	45% / 24%	45% / 24%	45% / 24%	45% / 24%
1992	13% / 9%	17% / 10%	21% / 12%	24% / 14%	28% / 16%	32% / 18%	36% / 20%	40% / 22%	44% / 24%	45% / 24%	45% / 24%	45% / 24%	45% / 24%	45% / 24%
1991	13% / 9%	17% / 10%	21% / 12%	24% / 14%	28% / 16%	32% / 18%	36% / 20%	40% / 22%	44% / 24%	45% / 24%	45% / 24%	45% / 24%	45% / 24%	45% / 24%
1990	13% / 9%	17% / 10%	21% / 12%	24% / 14%	28% / 16%	32% / 18%	36% / 20%	40% / 22%	44% / 24%	45% / 24%	45% / 24%	45% / 24%	45% / 24%	45% / 24%
1989	13% / 9%	17% / 10%	21% / 12%	24% / 14%	28% / 16%	32% / 18%	36% / 20%	40% / 22%	44% / 24%	45% / 24%	45% / 24%	45% / 24%	45% / 24%	45% / 24%
1988	13% / 9%	17% / 10%	21% / 12%	24% / 14%	28% / 16%	32% / 18%	36% / 20%	40% / 22%	44% / 24%	45% / 24%	45% / 24%	45% / 24%	45% / 24%	45% / 24%
1987	13% / 9%	17% / 10%	21% / 12%	24% / 14%	28% / 16%	32% / 18%	36% / 20%	40% / 22%	44% / 24%	45% / 24%	45% / 24%	45% / 24%	45% / 24%	45% / 24%

In most cases, the asset mixes for maturities after 2020 are the same as those for 2020.

Phoenix Life Limited is authorised and regulated by the Financial Services Authority.

Phoenix Life Limited is registered in England (No. 1016269)

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