

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.

Key facts about your guarantees

- Your policy may guarantee that, at certain times close to your selected retirement date, a market value reduction will not be applied in full if you retire or transfer your policy to another pensions provider. For more details on when a market value reduction will not be applied in full, please refer to your policy documents or contact our Customer Services Helpline on 0845 788 3311.
- We may apply a market value reduction ('MVR') to make sure that any amount paid out reflects the performance of the with profits fund up to that time.

If you are considering transferring your policy or retiring on a date other than your selected retirement date, you should take into account the value of the guaranteed benefits which you may be giving up. You may wish to seek financial advice before transferring your policy or retiring on a date other than your selected retirement date. If so, you should contact your normal financial adviser. If you do not have an adviser, arrangements have been put in place to help put you in touch with a

specialist company who can provide independent advice. For further details please see our website or contact our Customer Services Helpline on 0845 788 3311.

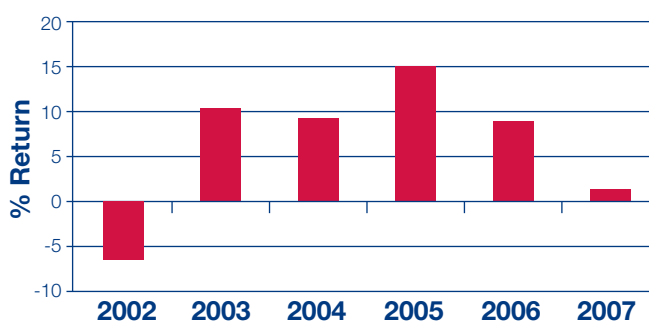
Investment markets

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

- In 2007 UK Government bonds ('Gilts') returned between -5% and 7%¹ 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 below shows the investment returns (after tax) earned in the last six years in respect of personal pensions invested in the Phoenix Life Limited - Phoenix With-Profits ('PLL PWP') Fund Pensions Solutions series. Different values may apply for other types of policy.



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

¹ FTSE UK gilt curves 31.12.06 - 31.12.07.

² FTSE All-share index 31.12.07.

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 held at 31 December 2007 for specimen policies invested in the PLL PWP Pensions Solutions series.

Table 2 (at the end of this leaflet) shows the approximate share and property proportions held at 31 December 2007 for specimen investments in the PLL PWP Growth Protector Fund.

Annual bonuses

The current annual bonus rates for policies investing in the:

- PLL PWP Pension Solutions range is 2%.
- PLL PWP Growth Protector Fund is 1.5%.

Over the last few years, annual bonus rates have been at low levels. We expect that this will continue to be the case for some years to come. This is because the guaranteed benefits under many policies are high relative to the investment returns which we have earned or expect to be able to earn.

Annual bonuses are added to your policy by increasing the price of your units each day.

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

Final bonuses

The final bonus rates for policies, commencing in 1996, investing in the PLL PWP Growth Protector Fund on 1 July 2008 were:

- 13% for regular premium policies, assuming that level premiums have continued to be paid throughout; and
- 33% for single premium policies.

The Guide explains how we determine final bonus rates.

The final bonus rates which applied to some specimen policies invested in the PLL PWP Pensions Solutions series on 1 July 2008 are shown in Table 1 at the end of this leaflet.

Market value reductions

In some cases, market value reductions are being applied if you decide to transfer your policy to another pension provider or decide to retire on a date other than your selected retirement date.

We don't apply market value reductions on death and we also don't apply them, or only apply them partially, if you transfer your policy or retire close to your selected retirement date (your policy document will give more details, or you can contact our Customer Services Helpline for assistance). The Guide explains how and when we do apply market value reductions.

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.

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 – PLL PWP Pensions Solutions Personal Pension

All values are as at 1 July 2008.

Month of Investment	Current Ongoing Value Per £100 Invested (1)	Final Bonus/Market Value Reduction (2)	Current Transfer Value Per £100 Invested	Equity/Property Proportions Held For Specimen Policy (3)
May 2001	112	2.4%	114	45% / 24%
July 2001	111	5.6%	117	45% / 24%
September 2001	110	8.4%	119	45% / 24%
November 2001	109	20.0%	131	45% / 24%

Notes:

- (1) Based on an original additional single premium investment of £20,000 invested on the first day of the month (values may differ slightly for other types of contribution). It assumes no benefits have been taken to date.
- (2) Market value reductions are represented by negative values.
- (3) The remainder of the policy is invested in fixed interest and cash.

Table 2 – For policies invested in the PLL PWP Growth Protector Fund, this table shows the approximate share and property proportions held at 31 December 2007 for specimen policies with different maturity years.

Year of Maturity													
Year of Issue	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%
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%
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%
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%
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%
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%

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.
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