

FOR ADVISER USE ONLY – NOT APPROVED FOR USE WITH CLIENTS

FLEXIBLE INVESTMENT PLAN – KEY REASONS

In giving your clients advice, you will have carefully considered their personal and financial circumstances, financial needs, priorities and risk profile. These factors will determine what recommendations you make.

We have provided the following paragraphs to help you create suitability letters for your clients.

Suitability letters must be personalised and specific to individual clients. These paragraphs are designed to help you substantiate your recommendation of the Flexible Investment Plan. They are not intended to form the whole of the suitability letter.

Please note that, before using these paragraphs, or similar text, you must ensure compliance with the appropriate regulations. Whilst every care has been taken to ensure the accuracy of this information, Prudential cannot accept liability resulting from its use.

These paragraphs are suitable for UK residents only.

Full terms and conditions of Flexible Investment Plan are available on request.

The registered office of Prudential is at Laurence Pountney Hill, London, EC4R 0HH.

FLEXIBLE INVESTMENT PLAN

Please take note of the risk warnings on page 8.

WHY INVEST IN THE FLEXIBLE INVESTMENT PLAN

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|----------------------------|--|
| Tax benefits | 1. You want to invest tax-efficiently. Prudential will pay Corporation Tax & Capital Gains Tax on the funds you invest in. HM Revenue & Customs regard payment of this tax as equivalent to you having paid Capital Gains Tax and Basic Rate Income Tax, so you have no personal liability to either of these taxes on the proceeds from your plan. You can currently withdraw up to 5% each year of your investment for up to 20 years without any immediate tax liability. |
| Investment choice | 2. Flexible Investment Plan offers access to multi-asset funds from Prudential's Portfolio Management Group, 5 risk managed Dynamic Portfolios, the PruSelect fund range and other funds from other leading fund managers. |
| Additional Features | 3. Flexible Investment Plan offers: <ul style="list-style-type: none">• Programmed Switching which allows you to phase switches between funds and removes the need for you to arrange regular switches.• Automatic Rebalancing which enables your investment to be automatically rebalanced to the original investment allocations at the end of each plan year. |

GENERAL PRODUCT DETAILS

- | | |
|---------------------------|--|
| Minimum investment | 4. You wish to invest a lump sum of £10,000 or more. |
| Top-ups | 5. You will be able to add additional investments to your Plan subject to a minimum of £5,000. |
| Accessibility | 6. You are prepared to invest for the medium to long term, but you want to be able to access your money if you need to. The Flexible Investment Plan allows you to make withdrawals at any time, subject to a minimum payment of £50. There will be an Early Cash-in Charge if you withdraw money within the first five years (or three years if the 3-year Early Cash-In Charge option is selected) of any investment into the Plan. There is no Early Cash-in Charge on regular withdrawals. |
| Withdrawal options | 7. <i>Select from the following paragraphs as appropriate.</i> <ul style="list-style-type: none">a) Withdrawal level
You have chosen to take a withdrawal from your plan of <£X a year/ X% of the amount you are investing/ X% of your plan value>. If you wish, you can change your choice in the future, to: <i>(select as appropriate)</i> |

- a fixed amount; or
- a percentage of the total amount(s) you have paid into your plan; or
- a percentage of your plan value.

b) Variable withdrawals

You have chosen to take withdrawals of <X%> of the plan value. This means that, if the value of your plan rises, the value of your withdrawals will also rise, helping you to meet increases in the cost of living. Of course, if the value of your plan falls, the value of your withdrawals will also fall. If you wish, you can change this choice in the future to take fixed withdrawals.

c) Fixed withdrawals

You have chosen to take fixed withdrawals of <£X a year/ X% of your total amount(s) you have paid into your plan>. If you wish, you can change this choice in the future to take variable withdrawals as a percentage of your plan value.

d) Frequency of withdrawals

You have chosen to take withdrawals <every month/ every three months/ every four months/ every six months/ every year>. If you wish, you can change the frequency of your withdrawals in the future. Other options are every <month, three months, four months/ six months or year>.

e) Future withdrawals option

You do not wish to take immediate withdrawals from your plan but you may wish to take withdrawals in the future. The Flexible Investment Plan allows you to start taking regular withdrawals at any time, subject to a minimum payment of £50.

Annual Growth Reward

8. Flexible Investment Plan offers an Annual Growth Reward from the end of the second year (provided you've not made any withdrawals, including regular withdrawals). This will add 0.35% of the relevant fund value for With-Profits Funds, and all PruFund Funds, or 0.25% for all other eligible funds, to the value of your plan at the end of each year that you do not make any withdrawals.

Loyalty Bonus

9. *(For Initial Charge option only)* A Loyalty Bonus equal to 1% of the value of your plan will be added once your money has been invested for five and ten years, provided that you have not made any withdrawals or switched money out of the eligible funds.

Tax-efficient withdrawals

10. You can supplement your current income without increasing your current tax bill. You can take up to 5% of your initial investment as withdrawals each year for up to 20 years and the tax liability will be deferred until you cash in your plan. Any allowance you do not use one year can be taken up in later years until you have taken the full amount that you put into

your plan. If you exceed the allowance there may be an income tax charge.

Loan relationships rules

11. *(UK corporate investors only)* As a UK corporate investor, any life assurance bonds you hold will be taxed under the Loan Relationships legislation. This means the 5% annual tax-deferred allowance will no longer apply and the plan will not be taxed under chargeable event rules. Instead, it will be valued at each accounting date and the consequent gain or loss will be taxed or relieved as appropriate each year.

Assignment

12. If you wish, you can assign the plan at any time to someone else. If you assign it as a gift (not for money or money's worth), there will be no tax charge at that time and any future tax charges will normally be assessed on the new owner. This could offer a tax advantage, if the new owner pays tax at a lower rate than you do.

Self-assessment

13. You won't need to include details of your plan on your self-assessment form until a "chargeable event" arises, for example, if you withdraw more than the 5% annual tax-deferred allowance. If this happens, you will only need to provide details of any gain at plan, rather than fund level, as per the chargeable event certificate.

Death benefit

14. *(For investors aged 74 or less)* If you, as the life assured, die while still holding your plan, Prudential will pay 101% of the value of the plan.

(For investors aged 75 or more) If you, as the life assured, die while still holding your plan, Prudential will pay 100.1% of the cash-in value of the plan less any Early Cash-in Charge within the first five years (or three years if the 3-year Early Cash-In Charge option is selected) of any investment into the Plan. *(Where there is more than one life assured)* This applies to the <first/last> of you to die.

15. At outset, you can choose to take the Guaranteed Minimum Death Benefit – Return of Premium Option. This option guarantees that the minimum amount you'll receive on death is the total amount you've invested less any withdrawals. Prudential will only deduct a charge for this option when the Standard Death Benefit falls below the guaranteed amount.

INVESTMENT OPTIONS

Fund choices

16. Flexible Investment Plan allows you to choose from a wide range of investment funds from the Portfolio Management Group funds, 5 risk managed Dynamic Portfolios, the PruSelect fund range and other funds from other leading fund managers. This allows you to tailor your plan to your needs

and risk preferences and also adapt it to any future changes in your circumstances. The fund choices are based upon the risk profiling discussions we carried out, which determined the level of risk you are willing to accept for your investment.

With-Profits Funds

17. You have chosen to invest in the With-Profits (*Optimum Bonus*)/ (*Optimum Return*) Fund(s). You are seeking growth on your investment with lower risk than direct investment. With-Profits Funds aim to smooth the ups and downs of investment performance, so it may be less volatile than other funds. You should be aware that the With-Profits Fund includes guarantees for which there is a charge, please see your Key Features document for further details.

PruFund Funds

18. You have chosen to invest in the PruFund range of funds. These are multi-asset funds with a unique smoothing formula designed to smooth the ups and downs of investment performance.

You have chosen to invest in the **PruFund 0-30 Fund**.

The Fund aims to achieve long-term total return (the combination of income and growth of capital). The Fund is actively managed, typically with a high exposure to lower risk assets such as fixed interest securities and holdings of cash and money market instruments with no more than 30% of the Fund being invested in equities.

You have chosen to invest in the **PruFund 10-40 Fund**.

The Fund aims to achieve long-term total return (the combination of income and growth of capital). The Fund is actively managed, typically with a bias towards lower risk assets such as fixed interest securities and holdings of cash and money market instruments but will always have some exposure to equities, with between 10% and 40% of the Fund being invested in equities.

You have chosen to invest in the **PruFund 20-55 Fund**.

The Fund aims to achieve long-term total return (the combination of income and growth of capital). The Fund is actively managed with a well diversified exposure to UK and international equities, property, fixed interest securities, index-linked securities and other specialist investments. From time to time, however, the Fund may have a relatively high exposure to equities and / or fixed income assets. Between 20% and 55% of the Fund will be invested in equities.

You have chosen to invest in the **PruFund 40-80 Fund**. The Fund aims to achieve long-term total return (the combination of income and growth of capital). It is an actively managed Fund with a well diversified exposure to UK and international equities, property, fixed interest securities, index-linked securities and other specialist investments. Typically the Fund will have a bias towards assets providing potential for growth such as equities, with between 40% and 80% of the Fund being invested in equities.

You have chosen to invest in the **PruFund Growth Fund** which aims to maximise growth over the medium to long term by investing in shares, property, fixed interest and other investments.

You have chosen to invest in the **PruFund Cautious Fund** which aims for steady and consistent growth through a cautious approach to investing. The Fund currently invests around 70% in a well diversified portfolio of fixed interest securities, cash and money market instruments with the remaining 30% invested in equities and property.

You have chosen to invest in the **PruFund Protected Growth Fund** which aims to maximise growth over the medium to long term by investing in shares, property, fixed interest and other investments. You will automatically have a guarantee on any money invested in this fund. The guarantee date is the plan anniversary at the end of the term you have selected. The guarantee will only apply at the end of the term selected.

You have chosen to invest in the **PruFund Protected Cautious Fund** which aims for steady and consistent growth through a cautious approach to investing. The Fund currently invests around 70% in a well diversified portfolio of fixed interest securities, cash and money market instruments with the remaining 30% invested in equities and property. You will automatically have a guarantee on any money invested in this fund. The guarantee date is the plan anniversary at the end of the term you have selected. The guarantee will only apply at the end of the term selected.

Portfolio Management Group
(Can be used with With-Profits Funds, PruFund Funds or Dynamic Portfolios).

19. The Portfolio Management Group (PMG) are the in-house investment strategists and 'manager of managers' for the Prudential Group in the UK. They are a team consisting of 21 which largely comprises economists, investment strategists, analysts and mathematicians who are specialists in different areas of the investment world. As such, PMG have responsibility for the overall asset mix of many of Prudential's multi-asset funds.

Dynamic Portfolios

20. You have chosen to invest in a Dynamic Portfolio which gives you access to a unique combination of experts. The Portfolio Management Group (PMG) will actively manage the portfolio asset allocations and buy and sell underlying funds as selected and then recommended to them by Old Broad Street Research, a Morningstar company. PMG work within M&G Investment Management Limited, part of the Prudential Group.

You have chosen to invest in the **Defensive Portfolio**. This Portfolio is designed to limit the risk to capital. It invests mainly in bonds and cash with no more than 30% invested in equity funds. The Defensive Portfolio aims to deliver a risk and return profile consistent with your attitude to risk. It does so by actively managing an appropriate asset allocation model and fund selection criteria consistent with an investor of your type. The fund is suitable as you are looking for growth potential but within an overall defensive investment strategy.

You have chosen to invest in the **Cautious Portfolio**. This Portfolio is designed for investors who have a cautious investment strategy and looking for some growth potential. It invests mainly in bonds and cash with between 10% - 40% invested in equity funds.

The Cautious Portfolio aims to deliver a risk and return profile consistent with your attitude to risk. It does so by actively managing an appropriate asset allocation model and fund selection criteria consistent with an investor of your type. The fund is suitable as you are looking for some growth potential but within an overall cautious investment strategy.

You have chosen to invest in the **Cautious Growth Portfolio**. This portfolio is designed for investors looking for growth by investing equally in bond and equity funds with between 20% - 55% in equity funds.

The Cautious Growth Portfolio aims to deliver a risk and return profile consistent with an investor with your attitude to risk – you are looking for growth but remain cautious by nature. It does so by actively managing an appropriate asset allocation model and fund selection criteria consistent with an investor of your type. The fund is suitable as you are looking for some growth potential but remain cautious by nature.

You have chosen to invest in the **Balanced Portfolio**. This portfolio is designed for investors looking for growth by mainly investing in equity and property funds. Up to a third of the portfolio is invested in bonds and between 40% -80% in equity funds.

The Balanced Portfolio aims to deliver a risk and return profile consistent with an investor with your attitude to risk. It does so by actively managing an appropriate asset allocation model and fund selection criteria consistent with an investor of your type. The fund is suitable as you are looking for growth potential, albeit with some exposure to bond funds; and you are willing to accept more volatility in your investment strategy.

You have chosen to invest in the **Adventurous Portfolio**. This portfolio is designed for investors looking for greater growth potential by mainly investing in equity and property funds. Between 60% - 100% will be invested in equity funds. The Adventurous Portfolio aims to deliver a risk and return profile consistent with an investor with your attitude to risk. It does so by actively managing an appropriate asset allocation model and fund selection criteria consistent with an investor of your type. The fund is suitable as you are looking for growth potential from equity investments and are willing to accept investment volatility in return for greater growth potential.

PruSelect Range

21. You have chosen to invest in funds from the PruSelect fund range. PruSelect is an extensive range of around 100 funds, independently selected by Old Broad Street Research, a Morningstar company. The range allows easy access to

different asset classes, in all major markets, including some specialist areas and is constantly reviewed.

Old Broad Street Research (Can be used with PruSelect or Dynamic Portfolios)

22. OBSR's research is respected by fund managers, product providers and professional intermediaries alike, with OBSR Fund Ratings widely acknowledged as an independent mark of quality.

Other funds

23. You have chosen to invest in *<specify choice of funds>*.
(Adviser to add reasons for specific fund. You can find details of the funds available in the Fund Guide (INVB6466), which is on www.pruadviser.co.uk)

Switching option

24. You can change your fund choices at any time, using the switching facility. Please note that a Market Value Reduction may apply to switches out of the With-Profits Funds and there are certain switching restrictions that apply to the PruFund Funds.

Capital gains tax

25. If you switch part of your investment from one fund to another, you will not have any capital gains tax liability on any profit you make from the switch.

TRUST OPTIONS

At issue trust

26. You are applying for this plan in conjunction with a *<insert type of trust>*.

After issue trust

27. Prudential offers trusts that may be used for inheritance tax planning. If appropriate, you could put your plan into either the Loan Trust, Gift Trust or the Discounted Gift Trust.

WHY PRUDENTIAL?

Size

28. Prudential Group is one of the largest financial organisations in the UK. It has over £340 billion under management (as at 30 June 2010), looked after by more than 500 investment professionals around the world.

Financial strength

29. Prudential has a financial strength rating of AA from the respected ratings agency Standard & Poor's (as at September 2010) and is one of the most recognised names in financial services.

Regulation

30. Prudential is authorised and regulated by the Financial Services Authority for UK business.

See your Key Features document for further information.

RISK WORDING

To be used with all paragraphs

Full terms and conditions of Flexible Investment Plan are available on request.

To be used with paragraphs 1, 8, 9, 12, 13 & 25

The above is based on our understanding, as at <month, year>, of current taxation, legislation and HM Revenue & Customs practice, all of which are liable to change without notice. The impact of taxation (and any tax reliefs) depends on individual circumstances.

To be used with paragraphs 6, 7, 10 and 17 for with-profits investors

If money invested in the With-Profits Funds is taken out at any time, except on death or to meet certain regular withdrawals, the amount paid out may be reduced to reflect the current market value of the underlying assets. This is known as a Market Value Reduction and is in addition to any Early Cash-in Charge that may apply.

To be used with paragraph 7

If your withdrawals are more than your plan has grown by, your Plan will be worth less than the amount you originally invested.

To be used with paragraph 17

The rates of future bonuses in the With-Profits Funds and therefore the rate of growth in the unit price cannot be guaranteed. Any final bonus may vary or be removed at any time and is therefore not guaranteed.

To be used with paragraphs 18

Please note that the smoothing process can be suspended in certain circumstances, please refer to your Key Features document and the guide 'Your With-Profits Plan – a guide to how we manage the Fund (PruFund range of funds)' for information.

To be used with all paragraphs referring to investments

The value of an investment may fluctuate. You may not get back the full amount of your investment. For investments in the With-Profits Funds, the value of the plan depends on the investment returns made by the long-term fund of The Prudential Assurance Company Limited and how these profits are distributed.

To be used if risk categories are referred to when talking about fund choices

These risk categories have been classified by Prudential and they therefore should not be viewed as generic descriptions across the fund management industry. These are the classifications as at <month, year>. They may change in the future.

To be used for PruFund Protected Cautious Fund and / or the PruFund Protected Growth Fund

If money invested in either of the PruFund Protected Funds is taken out at any time, the amount guaranteed at the end of the term you have selected will be proportionately reduced to reflect any partial switches out or withdrawals.