

May 2009

Dear Policyholder

Policy Number: «Plan_No»

FPIL Momentum AllWeather Liquidity Fund (J98)

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.
IF IN DOUBT PLEASE SEEK PROFESSIONAL ADVICE.**

We advised you in our letters of January and March 2009 that the underlying fund into which the above Friends Provident International Limited (FPIL) mirror fund invests had imposed dealing restrictions, due to extreme liquidity pressures affecting hedge fund managers in the current economic climate. The consequence of these restrictions was that FPIL had to suspend the mirror fund for new investments and redemptions, including existing regular withdrawals, death claims and policy maturities.

We have now received further advice from the Fund Managers, Pioneer Investments, that they have imposed a new permanent process for redeeming shares in the underlying fund, which in summary is as follows:

- Redemptions are only permitted from the fund every 3 months and the fund managers cannot guarantee the settlement date for the cash proceeds.
- Redemption proceeds will be paid partly in cash and partly in Deferred Redemption (DR) shares. The DR shares represent holdings in underlying hedge funds that are not possible to sell in the present climate of restricted liquidity.
- The Fund Managers will exchange the DR shares for cash as and when they are able to sell the underlying holdings that they represent, but are not able to provide a precise timescale for when this will happen.

As a direct consequence of the fundamental changes made to the dealing terms by the Fund Managers, FPIL has now reached the position where we can no longer effectively operate the mirror fund, FPIL Momentum AllWeather Liquidity Fund (J98) and we have no alternative but to close it.

Therefore by 23 June 2009 we will give the required notification to the Fund Managers for redemption dealing date 30 September 2009. This is the next available cut off date for deals to be placed with the Fund Managers.

When we receive the cash element of the fund closure, the corresponding portion of your holding will be placed in FPIL JP Morgan USD Fund (J42). You may then switch from J42 to another mirror fund of your choice.

The residual portion of your holding will remain in the existing mirror fund (J98) and will only consist of the Deferred Redemption (DR) shares. The Fund Managers are not able to confirm a date when we may expect them to exchange the DR shares for cash and it may happen as one transaction or a series of transactions, depending on prevailing liquidity conditions.

Once we have received the cash proceeds for the DR shares these will also be placed into FPIL JP Morgan USD Fund (J42).

These changes will take immediate effect and will happen automatically. We recommend that you seek the advice of your usual financial adviser before making any investment decisions.

Once you have been allocated units in FPIL JP Morgan USD Fund (J42) from the fund closure process, you may switch the new J42 holdings to another fund of your choice, as long as your policy stays within the 10 fund limit. Please do not send us any switch instructions out of J42 until you have received confirmation of your unit holding in the fund, as we cannot process them until completion of the transfer of the cash element of the fund closure.

Please note that we cannot now accept any new fund switch instructions out of J98. If you have previously placed a switch instruction with us since the redemption restrictions were placed on the fund in January 2009, the new closure process will supersede this and the original switch instruction will be cancelled.

Surrender requests currently being held will be honoured as soon as we have received settlement from the Fund Managers.

If you have any questions regarding the information in this letter in connection with your policy with us, please contact one of the following departments that corresponds with your region, by either phone or email:

General telephone number: + 44 1624 821212
Asia-Pacific Team – asiapacific@fpiom.com
Middle East & Africa Team – me&africa@fpiom.com
Rest of the World Team – rowservicing@fpiom.com
Latin America Team – latam.servicing@fpiom.com

We apologise for any inconvenience this may cause, however we are sure that you will appreciate that we have had no alternative but to take this course of action as a result of the restrictions that have been imposed on us by the fund managers.

Yours faithfully

Funds Marketing & Research Department
Friends Provident International Limited

Fund prices may fluctuate and are not guaranteed. Investment involves risk. Past performance is not indicative of future performance. Please refer to the principle brochure for details. For details and charges of the relevant underlying fund, please refer to the corresponding prospectus which will be made available by Friends Provident International.