

June 2009

Dear Policyholder

Policy Number:

FPIL Thames River Mainstay GBP Fund (P20)

FPIL Thames River Mainstay USD Fund (P21)

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

We advised you in our letters of December 2008 and March 2009 that the underlying funds into which the above Friends Provident International Limited (FPIL) mirror funds invest 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 funds for new investments and redemptions, including existing regular withdrawals, death claims and policy maturities.

We have now received further advice from the Fund Managers, Thames River Capital LLP, that they have changed the structure of the underlying funds and imposed a new process for redeeming shares in the underlying funds, which in summary are as follows:

- A proportion of each shareholding in the fund will be allocated to a "Special Purpose Vehicle" (SPV)
- The SPV represents the less liquid assets in the fund
- Redemptions are only permitted from the fund on a monthly basis
- The Fund Managers require us to give them 4 months notice of redemptions

As a direct consequence of the fundamental changes made to the fund structures and dealing terms by the Fund Managers, FPIL has now reached the position where we can no longer effectively operate the mirror funds, FPIL Thames River Mainstay GBP Fund (P20) and FPIL Thames River Mainstay USD Fund (P21). We therefore have no alternative but to close both of these mirror funds.

Therefore we have given 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.

Following dialogue with the Fund Managers, they have advised us that they expect to be able to remit approximately 70% of the value of the fund to us in cash in early November 2009, although this cannot be guaranteed.

When we receive this 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 funds (P20 & P21) and will only consist of the Special Purpose Vehicle (SPV) shares. The Fund Managers are not able to confirm a date when we may expect them to exchange the SPV 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 SPV 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 P20 or P21. If you have previously placed a switch instruction with us since the redemption restrictions were placed on the funds in November 2008, 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.

The dealing restrictions on the mirror funds will remain in place until we complete the final closure process for all unit holders.

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.