

KEY FEATURES OF THE INVESTMENT BOND

This document and the enclosed illustration outline the most important things you should know about the Investment Bond. You can find more information in the Special Risks and Additional Fund Charges document which should be read in conjunction with this document. Your financial adviser will be pleased to answer any further questions you may have.

Its aims

- The Investment Bond is designed to provide access to a range of AXA funds, as well as specialist funds offered by AXA which are invested with a fund manager outside the AXA group.
- To increase the value of your investment over the medium (at least five years) to long (at least ten years) term.
- To link the lump sum you put into your Bond to the investment markets.
- To allow you to make regular withdrawals if you choose to.
- To provide a way of spreading your investment and reducing risk by pooling your investments with those investors with similar objectives.

Your commitment

You invest a lump sum of at least £5,000 in the Bond for the medium (at least five years) to long term (at least ten years).

Risk factors

Many things could happen to lower the value of your investment.

- Investment growth may be lower than we have assumed in the illustration.
- The Bond's charges may be higher than we have assumed.
- The tax treatment of the funds may change.
- The tax treatment of Investment Bonds may change.
- The value of the investments in the funds and the income that is produced from them can fall as well as rise and is not guaranteed. You may get back less than you invest. This may be due to market fluctuations or, for funds that invest overseas, due to fluctuating exchange rates or both.
- If you cash in some or all of your Bond, there is no guarantee you will get back what you have put in. Early Cash-in Charges may apply in the first five years. Please refer to your illustration for details.
- Regular withdrawals, including distributions and payments, that amount to more than 7.5% each year are not permitted. Any withdrawal over 7.5% cannot be paid regularly and must be requested separately as a partial cash-in; Early Cash-in Charges may apply. Please refer to your illustration for details.
- If you have a small amount invested in a fund and take regular withdrawals from your plan, there is a risk that the investment in this fund could reduce to nothing. If this happens we will continue to take regular withdrawals from your remaining fund(s) if you have invested in more than one fund.
- If you take regular withdrawals, including distributions or payments, you need to be particularly aware that the value of your investment may fall below its original value, especially at times when investment growth is low or when the level of withdrawals is higher than the growth of your fund after charges. In addition, the potential for growth may be reduced.
- Monthly withdrawals from the Monthly Distribution Fund and Monthly High Yield Distribution Fund, which are based on the half-yearly distributions, or payments from the Monthly UK Corporate Bond Fund, which are based on the quarterly payments, may amount to less than you could receive from the Distribution, High Yield Distribution or UK Corporate Bond Funds. The monthly amount received will vary depending on the growth of the fund after charges. If the growth is lower than the fund charges, the amount available for distribution or payment may be eroded.



- If you take regular withdrawals from the Monthly Distribution Fund, Monthly High Yield Distribution Fund or the Monthly UK Corporate Bond Fund, part of your initial investment will be used to provide the monthly withdrawals. This will continue until the first half-yearly distributions from the Distribution Fund or High Yield Distribution Fund or the quarterly payments from the UK Corporate Bond Fund are received. This is likely to reduce the underlying value of your Investment Bond below the amount you originally invested.
- If you return the 'Your right to change your mind' form and the value of the investment falls before we receive it, we will take an amount equal to the fall in value from the amount repaid to you.
- In certain circumstances we may apply a 'market value reduction' which will reduce the cash-in value of any with profits investment.
- The cost of meeting any guarantees and any other potential liabilities arising from this plan or any other new and existing plans in the With Profits funds may reduce potential payouts. **See the section entitled 'Where will my money be invested?' for more details.**
- In exceptional circumstances we reserve the right to delay instructions to cash-in investments within, or switch into or out of unit-linked funds for up to one month, for example, when dealings on a Stock Exchange are suspended.
- In exceptional circumstances we reserve the right to delay instructions to cash-in investments within, or switch into or out of funds invested in property for up to six months.
- If the growth of your selected fund(s) does not cover the plan charges, then this will reduce the value of your investment.
- For funds which invest mainly in investment funds managed by an investment manager outside the AXA group, the unit price will not be the same as the price for that underlying investment fund, in part because of the time taken to buy or sell holdings in such investment funds.

Special Risk Factors

Some funds carry particular risks because of the type of assets they invest in. The Investment Bond Guide and Special Risks and Additional Fund Charges document give further details and should be read in conjunction with this Key Features document.

A Currency Risk – Where a fund holds investments in a different currency to the fund, the value of the fund may rise and fall purely because of exchange rate fluctuations.

B Emerging Markets – These funds are high risk and may be subject to large fluctuations in value. Companies in emerging markets may not

be regulated as strictly and their shares may be harder to buy and sell than companies in more developed markets.

C Smaller Companies – The price fluctuations of funds investing in smaller companies may be greater than the price fluctuations of funds investing in larger companies.

D Income Funds – Where a fund is managed mainly to produce an income, part or all of the manager's annual management charge may be charged against the capital of the fund, rather than against the income. Please note that charging all or part of the annual management charge to the capital of the fund might boost the income and the quoted yield, but may, therefore, constrain capital growth and could reduce the value of your investment.

E Specialist Sector Funds – Investments in specialist sector funds, such as technology or healthcare, are considered to be higher risk due to their concentrated exposure to specific areas. Such funds can offer the potential for greater returns over the long term but this tends to be coupled with higher volatility.

F Property – Cash in, or switches, from funds investing in property may be deferred by up to six months in exceptional circumstances. This is to enable property to be sold if necessary. The value of properties held is generally a matter of a valuer's opinion and not fact. From time to time valuations are carried out by independent chartered surveyors. Please note that any new or additional investment directed to the AXA Property Fund is currently limited to 50% of the new investment.

G Offshore Investment Funds – An 'offshore' fund is one that has been established outside of the UK Mainland (e.g. Luxembourg). Investment in such funds may suffer higher taxation than investment in an equivalent UK based fund because income is taxed differently, and will be subject to different regulatory controls.

H Bond Funds Risks – Companies issue corporate bonds in order to raise capital, so effectively investors in corporate bonds are loaning the company money. This means that the more financially secure a company issuing the bond is, the more likely it is that it will be able to pay back the loan. Less financially secure companies have a higher risk of default (on the loan). These higher risk bonds are sometimes known as 'sub investment grade' or 'junk' bonds. Funds that invest in these higher risk bonds also have an increased risk of default (on the loan). This means the capital value of the fund is more likely to be adversely affected as would the income being generated by the fund.

I Unit Trust Funds – Where a fund invests in a unit trust there may be a cost to the fund to cover the buying and selling of underlying assets levied by the underlying unit trust manager. When this occurs there will be a negative affect on the performance of the fund.

Risks specific to the Active Protector Funds

- These funds aim to provide you with the opportunity of stockmarket growth (as measured by the FTSE 100 Index) as well as an element of protection to your investment.
- If, in the fund manager's opinion, the FTSE 100 Index has fallen significantly, they may decide to hold a high proportion of cash in the funds. This could mean that they are not able to benefit as much from any recovery in the FTSE 100 Index and therefore growth potential would be reduced.
- If considered necessary, one or more of the funds may need to invest wholly in cash deposits. This would severely restrict the potential for future investment growth. In these circumstances the relevant funds will close and we will switch your investment into AXA's Cash Fund. We will then write to you and advise you of your options, which will include switching to alternative funds.
- Investors in the Plus funds will normally experience lower returns than investors in the corresponding funds without the additional level of protection. **Please read 'What is different about the Active Protector Plus funds?'**
- The additional level of protection of the Plus funds is provided by a financial institution not connected with AXA. In the event that this institution is no longer able to meet the requirements of the fund and an alternative is not available the Plus funds may have to close. In this event we will switch your investment into AXA's Cash Fund. We will then write to you and advise you of your options, which will include switching to alternative funds.

Risks specific to the AXA Close UK Escalator 100 Fund

- This fund aims to provide a level of protection to your capital by locking in gains and offering a protected unit price on the next quarterly date.

The value of your investment can be reduced if:

- a) the growth in the unit price is less than our charges as we will cancel units to meet our charges over time, so you will have fewer units; or
- b) the growth in the underlying fund is less than the additional fund management charges and tax charges for the underlying fund.

For investments in the AXA Close UK Escalator 100 Fund, the protected unit price applies on set quarterly dates (currently the third Friday in March, June, September and December). Investment or cashing in outside these dates may mean that the unit price you receive is lower than the protected unit price.

Is there a risk that the protection could fail?

Active Protector 70 and 80 Funds

In the following circumstances the protection could fail and the unit price could fall below the protected price:

- if the FTSE 100 Index assets fall in value by more than 25% in a period of one business day, or before we are able to sell them if markets are closed;
- if any financial institution fails to meet its obligation to the fund;
- if the tax treatment of AXA's funds changes adversely; or
- if a one-off charge is imposed on the fund, for example a levy imposed by the industry regulators.

The following terms are important in order to understand the Active Protector Funds.

Unit

This is a notional portion of the fund you have chosen to invest in. The number of units that your investment buys depends on the amount of your investment and unit price.

Unit Price

This is the value of a unit in the fund you have chosen to invest in.

Protected Price

This is a proportion (70% or 80%) of the highest-ever unit price.

Funds

There is a choice of four Active Protector funds:

- Active Protector 70;
- Active Protector 70 Plus;
- Active Protector 80; and
- Active Protector 80 Plus.

Under the 80 funds the protected price is 80% of the highest ever unit price. Under the 70 funds it is 70% of the highest ever unit price. The Plus funds offer an additional level of protection that aims to prevent the unit price falling below the Protected Price in the event of the FTSE 100 Index assets falling by more than 25% in a period of one business day or before we are able to sell them if markets are closed.

Active Protector 70 Plus and 80 Plus Funds

The Plus funds invest in the additional level of protection to protect against extreme falls of the FTSE 100 Index. However, there are some rare circumstances where the protection could fail:

- if the provider of the additional level of protection is unable to meet its obligations;
- if any other financial institution is unable to meet its obligation to the fund;
- if the tax treatment of AXA's funds changes adversely; or
- if a one-off charge is imposed on the fund, for example a levy imposed by the industry regulators.

Questions and answers

What is an Investment Bond?

- It is a life insurance plan designed to provide growth on a lump sum investment.
- There is an element of life cover attached to the Investment Bond. The reason for the life cover is that it gives your plan its tax status. The cost of life cover is included in your plan charges. Your financial adviser will be able to give you further information.
- There is no fixed term to the Bond.
- It can provide regular withdrawals if you want.

Who can take out an Investment Bond?

- Anyone over the age of 18.
- You can invest either alone or jointly with one other person.
- The life cover is based on the lives of the people you name as life/lives insured in your application. Up to nine people can be named, but the youngest must be below age 85. Having more than one life insured means that your policy can continue until it is cashed in or the last of the lives insured has died.
- Trustees may also take out an Investment Bond.

Can I take withdrawals?

- You can make regular withdrawals from your Bond.
- Up to a maximum of 7.5% of the value of the Bond can be taken each year as a regular withdrawal.
- This 7.5% includes any regular withdrawals and any distributions or payments from the

Distribution, High Yield Distribution, UK Corporate Bond funds or their monthly alternatives.

- If you do not use the 7.5% allowance, it cannot be rolled over to subsequent years.
- Any withdrawal over 7.5% cannot be paid regularly and must be requested separately as a partial cash-in; Early Cash-in Charges may apply.
- Early Cash-in Charges on Tiered Allocation and Step Down Yearly Charge options apply for the first five years only.
- We will normally pay withdrawals on the same day of the month that the Bond begins.
- You can currently withdraw up to 5% a year of the initial amount of each investment for the first 20 years free of immediate liability to income tax and capital gains tax at the time you make the withdrawal. See further information on Tax on page 13.
- The withdrawals you make are considered as withdrawals of your capital and are subject to special income tax rules for calculating and assessing the amount of any income tax liability that may arise on a chargeable gain.
- Investment in the Distribution Fund or the High Yield Distribution Fund can provide a twice-yearly distribution and investment in the UK Corporate Bond Fund can provide a quarterly payment facility. You can find more information in the Investment Bond Guide, which should be read in conjunction with this document.
- If you would like to withdraw the distribution/ payment referred to in the above bullet point, but receive it on a monthly basis rather than half-yearly or quarterly, this can be provided by the Monthly Distribution Fund, Monthly High Yield Distribution Fund or Monthly UK Corporate Bond Fund. You can find more information in the Investment Bond Guide, which should be read in conjunction with this document.

Where will my money be invested?

1) Unit-linked funds

- You can choose from a range of investment funds from three investment options:
 - a) AXA core funds, which are managed by AXA Investment Managers in the UK;
 - b) AXA global family funds, which are managed by investment managers within the AXA group; and
 - c) AXA external partners' funds, which are mainly invested in independently selected funds from outside the AXA Group.

The aims of these funds are described in the AXA Investment Menu brochure and the fund factsheets, which you can ask your adviser for or view at our fund centre at www.axa.co.uk/investments

- In our unit-linked investment funds, as the value of the units increases and exceeds any charges taken, the value of the Bond also increases. The value of units can also fall and are not guaranteed – this means that you could get back less than you invested.

2) With Profits funds

Please note that the With Profits funds are not always available for new investments, for more information please speak to your financial adviser.

- Subject to the above, you also have the option of investing in either the With Profits Fund or the With Profits Income Fund. Both of these funds invest in the underlying With Profits Fund of AXA Sun Life. It is not possible to invest in both funds at the same time under one Bond. If you invest in either of these funds you are entitled to a share of our profits as bonuses which we add to your Bond. The With Profits Income Fund is expected to have a higher regular bonus rate than the With Profits Fund but a lower 'final bonus' payable when the Bond is cashed in.
- Both regular and final bonus rates are reviewed regularly and may change at any time. Future bonuses cannot be guaranteed as they come from profits not yet earned.
- At least once a month we will add bonuses to your Bond by increasing the unit price. The bonuses generally reflect the returns we expect to receive from the relevant assets of the underlying With Profits Fund while smoothing out any particular rise or fall in those returns. We may also add a 'final bonus' when we pay benefits.
- If the investment performance of the underlying With Profits Fund is worse than that reflected in the bonuses we have already added to your Bond, and if you:
 - cash in your Bond; or
 - switch out of the With Profits Fund or the With Profits Income Fund;

we are likely to reduce the value of your units.

This reduction is called a 'Market Value Reduction'.

We make this reduction to protect other planholders so that they do not lose out financially as a result of your actions. If we apply a 'Market Value Reduction' you can normally choose to delay the action to a later date.

We will not apply a 'Market Value Reduction':

- if you die; or
- on any regular withdrawals below or equal to currently 7.5% of the value of your Bond each year.

The amount you will receive depends on:

- Performance of the investments held by the With Profits Fund.
- The level of charges (including the cost of life cover) in the With Profits Fund.
- The cost of meeting any guarantees and any other potential liabilities arising from this plan or any other new and existing plans in the With Profits Fund. These include, but are not limited to:
 - Guaranteed maturity values;
 - Guaranteed cash values;
 - Guaranteed annuity rates; and
 - Costs arising from providing compensation and meeting certain regulatory requirements.

3) Active Protector Funds

How is the protection provided by the Active Protector Funds?

All four Active Protector Funds use a prescribed investment method to combine exposure to the FTSE 100 Index, with exposure to cash so that you benefit from part of any gains in the FTSE 100 Index, while still providing your chosen level of protection.

The investment method determines the exposure to the FTSE 100 Index and cash once every business day according to market conditions. Further information on the method used is available from your financial adviser.

The investment method will vary the amount exposed to the FTSE 100 Index. The minimum FTSE 100 Index exposure is 0%. The maximum FTSE 100 Index exposure will not exceed the following levels:

EXPOSURE TO FTSE 100 INDEX WILL NOT EXCEED:	
Active Protector 80 and Active Protector 80 Plus	Maximum 80%
Active Protector 70 and Active Protector 70 Plus	100%

How does the protection increase under the Active Protector Funds?

The Active Protector Funds protect a proportion (70% or 80%) of their highest ever unit price. This has two important consequences:

1. As the unit price rises, so does the Protected Price. This means it protects a proportion of any growth as well as your original investment.
2. As the unit price falls, the Protected Price stays at its highest ever level. This means that more than 70% or 80% of the fund's current unit price may be protected.

For example, if the Active Protector 80 Fund's highest ever unit price was £1.50 the Protected Price would be £1.20 (80%). If the market had then fallen and the fund's unit price was now £1.35, the Protected Price would still be locked at £1.20. This means the fund would now be protecting 88%. If the fund's unit price rises above £1.50 again the Protected Price will start to increase again too.

What is different about the Active Protector Plus Funds?

In normal stockmarket conditions all four Active Protector Funds will provide the level of protection indicated. But if the FTSE 100 Index assets fall in value by more than 25% in a period of one business day, or before we are able to sell them if markets are closed, the unit price could fall below the protected price. To deal with such extreme conditions the Active Protector 70 Plus Fund and the Active Protector 80 Plus Fund have an additional level of protection designed to stop the unit price falling below the Protected Price. This additional level of protection is currently provided by a strong financial institution. Investing in this additional level of protection reduces the growth potential of the Plus funds when compared to the equivalent standard funds.

The price of the additional level of protection may be up to 0.5% of the fund's value per annum. The actual cost will vary over time because it depends on the make up of the fund. In addition, the Plus funds will often have a slightly lower FTSE 100 Index exposure than the equivalent Standard fund.

In certain circumstances, if either of the Plus funds has to sell part of the additional level of protection purchased, it will incur a 'sale fee' (currently a maximum of 1% of the amount sold). This may be passed on to those investors whose units in the fund are cancelled at the relevant time. Further details are set out in your Plan booklet.

Can I switch between funds?

- You can normally switch money between funds at any time. However, it is not possible to invest in both the With Profits Funds at the same time under one Bond. All switches you make are currently free of any additional charge. However, some funds have a One-Off Charge when you switch into them.
- For switches into our With Profits Fund, the charges on the With Profits Fund and the With Profits Income Fund will take account of the expenses we incur on those funds. Although these charges may vary in the future, we currently expect them to be greater than those charged on unit-linked funds.
- Funds are managed and operated in line with the fund managers rules. These manager's value and work out their own unit prices which will or could introduce a delay in switches.
- Switches into or out of any unit-linked fund may be delayed by us for up to one month in exceptional circumstances, for example when dealings on a Stock Exchange are suspended.
- Switches from the Property Fund (or any fund investing in property) may be deferred by us for up to six months in exceptional circumstances. This is to enable property to be sold if necessary.

Can I make extra investments?

- You can increase your investment at any time. There is currently a minimum increase of £2,000.
- The maximum age of the (youngest) life insured cannot be more than 84 when making extra investments.
- The fund manager may decide not to accept additional investments into the Active Protector Funds after significant falls in the FTSE 100 Index, where a fund may hold a high proportion of cash deposits. This could mean that it is not able to benefit as much from any recovery in the FTSE 100 Index.
- If you make extra investments, they are treated as separate investments with respect to the pricing option and will be subject to their own Early Cash-in Charges where these apply.
- If you make extra investments, unless otherwise requested, any partial cash-in and withdrawals will be taken from the earliest investment first. This can reduce the impact of Early Cash-in Charges. However, it will reduce the amount of the total investment benefitting from lower charges where these reduce with time.

Can I take money out?

- The Bond is designed to be a medium (at least five years) to long (at least ten years) term investment but you can cash in all or part of it at any time, or start to make regular withdrawals (please refer to page 4 – Can I take withdrawals?)
- The amount you will receive if you cash in your Bond will depend on the value at that time.
- Early Cash-in Charges, which will reduce the amount repaid to you, may apply for the first five years. **For With Profits investments, please refer back to the section entitled ‘Where will my money be invested?’.**

What if I have chosen to take distributions?

If you have chosen to take half-yearly distributions from the Distribution Fund and/or High Yield Distribution Fund or take monthly withdrawals, which are based on the half-yearly distributions, from the Monthly Distribution Fund or Monthly High Yield Distribution Fund, this will affect the underlying value of your Investment Bond. The enclosed personal illustration does not reflect this. To give you an indication of how the underlying value of the Investment Bond could be affected, examples are shown in tables 1 to 8 for £10,000 invested in the Distribution Fund, High Yield Distribution Fund, Monthly Distribution Fund or Monthly High Yield Distribution Fund. These tables are based on the youngest life insured being below aged 75.

If you take regular withdrawals from the Monthly Distribution Fund or the Monthly High Yield Distribution Fund, part of your initial investment will be used to provide the monthly withdrawals. This will continue until the first half-yearly distributions from the Distribution Fund or High Yield Distribution Fund are received. This is likely to reduce the growth potential and the underlying value of your Investment Bond below the amount you originally invested.

What if I have chosen to take payments from the UK Corporate Bond Funds?

If you have chosen to take payments from the UK Corporate Bond Fund or Monthly UK Corporate Bond Fund, which are based on the quarterly payments from the UK Corporate Bond Fund, this will affect the underlying value of your Investment Bond. The enclosed personal illustration does not reflect this. To give you an indication of how the underlying value of the Bond could be affected, examples are shown in tables 9 to 12 for £10,000 invested in the UK Corporate Bond Fund or Monthly UK Corporate Bond Fund. These tables are based on the youngest life insured being below aged 75.

If you take regular withdrawals from the Monthly UK Corporate Bond Fund, part of your initial investment will be used to provide the monthly withdrawals. This will continue until the first quarterly payment from the UK Corporate Bond Fund is received. This is likely to reduce the growth potential and the underlying value of your Investment Bond below the amount you originally invested.

Is there anything else I should know about the tables?

The figures shown in the following tables are examples and are not guaranteed. They are not minimum or maximum amounts – you could get back more or less than the amounts shown. What you will get back depends on how your investment grows and the tax treatment on your investment. All firms use the same rates of growth for projections but their charges vary. Do not forget that inflation will reduce what you could buy in the future with the amounts shown.

Please read the following important notes below.

Table 1 – This table shows the projected future proceeds after 10 years, for the Distribution Fund, with distributions taken.

At	4% per year	growth the cash value would be	£8,670
At	6% per year	growth the cash value would be	£10,500
At	8% per year	growth the cash value would be	£12,600

Table 2 – This table shows what you might get back (assuming 6% growth a year), for the Distribution Fund.

At end of year	Total paid in to date (£)	Distributions (£)	Effect of deductions to date (£)	What you might get back (£)
1	10,000	388	1,030	9,150
2	10,000	775	1,080	9,310
3	10,000	1,160	1,150	9,460
4	10,000	1,540	1,100	9,750
5	10,000	1,930	1,060	10,000
10	10,000	3,920	2,010	10,500

The effect of deductions over the term shown would be equivalent to bringing the investment growth rate used down from 6% to 4.5% each year.

Table 3 – This table shows projected future proceeds after 10 years, for the Monthly Distribution Fund, with monthly amounts taken.

At	4% per year	growth the cash value would be	£8,700
At	6% per year	growth the cash value would be	£10,500
At	8% per year	growth the cash value would be	£12,600

Table 4 – This table shows what you might get back (assuming 6% growth a year), for the Monthly Distribution Fund.

At end of year	Total paid in to date (£)	Distributions (£)	Effect of deductions to date (£)	What you might get back (£)
1	10,000	388	1,030	9,160
2	10,000	774	1,090	9,320
3	10,000	1,150	1,160	9,470
4	10,000	1,540	1,110	9,760
5	10,000	1,930	1,070	10,000
10	10,000	3,930	2,030	10,500

The effect of deductions over the term shown would be equivalent to bringing the investment growth rate used down from 6% to 4.5% each year.

Important Notes

We have assumed that you are taking full distributions. The distributions have been estimated to be 3.89% and the figures are based on the net yield at 17 May 2006 for the Distribution Fund and Monthly Distribution Fund. These amounts are not guaranteed and could fluctuate in the future, depending on market conditions. The distributions will be paid in two instalments for the Distribution Fund and twelve monthly amounts, based on the half-yearly distributions, for the Monthly Distribution Fund.

The illustration assumes the tiered allocation pricing option applies and that full commission has been paid to your financial adviser.

Distributions are made on May 17 and November 17 each year for the Distribution Fund. For the Monthly Distribution Fund, monthly amounts, based on the half-yearly distributions, are declared on the 17th of each month. However, for the purposes of these illustrations, we have assumed that the next distribution will happen straight away.

Please read the following important notes below.

Table 5 – This table shows the projected future proceeds after 10 years, for the High Yield Distribution Fund, with distributions taken.

At	4% per year	growth the cash value would be	£8,080
At	6% per year	growth the cash value would be	£9,780
At	8% per year	growth the cash value would be	£11,700

Table 6 – This table shows what you might get back (assuming 6% growth a year), for the High Yield Distribution Fund.

At end of year	Total paid in to date (£)	Distributions (£)	Effect of deductions to date (£)	What you might get back (£)
1	10,000	456	1,020	9,090
2	10,000	908	1,070	9,180
3	10,000	1,350	1,130	9,270
4	10,000	1,790	1,080	9,480
5	10,000	2,240	1,040	9,690
10	10,000	4,460	1,960	9,780

The effect of deductions over the term shown would be equivalent to bringing the investment growth rate used down from 6% to 4.4% each year.

Table 7 – This table shows projected future proceeds after 10 years, for the Monthly High Yield Distribution Fund, with monthly amounts taken.

At	4% per year	growth the cash value would be	£8,120
At	6% per year	growth the cash value would be	£9,820
At	8% per year	growth the cash value would be	£11,800

Table 8 – This table shows what you might get back (assuming 6% growth a year), for the Monthly High Yield Distribution Fund.

At end of year	Total paid in to date (£)	Distributions (£)	Effect of deductions to date (£)	What you might get back (£)
1	10,000	456	1,030	9,090
2	10,000	907	1,070	9,190
3	10,000	1,350	1,140	9,280
4	10,000	1,790	1,090	9,490
5	10,000	2,240	1,050	9,710
10	10,000	4,480	1,980	9,820

The effect of deductions over the term shown would be equivalent to bringing the investment growth rate used down from 6% to 4.4% each year.

Important Notes

We have assumed that you are taking full distributions. The distributions have been estimated to be 4.59% and the figures are based on the net yield at 18 February 2006 for the High Yield Distribution Fund. The monthly amounts assumed for the Monthly High Yield Distribution Fund are based on the estimated half-yearly distributions from the High Yield Distribution Fund. These amounts are not guaranteed and could fluctuate in the future, depending on market conditions. The distributions will be paid in two instalments for the High Yield Distribution Fund and twelve monthly amounts, based on the half-yearly distributions, for the Monthly High Yield Distribution Fund.

The illustration assumes the tiered allocation pricing option applies and that full commission has been paid to your financial adviser.

Distributions are made on February 18 and August 18 for the High Yield Distribution Fund. For the Monthly High Yield Distribution Fund, monthly amounts, based on the half-yearly distributions, are declared on the 17th of each month. However, for the purposes of these illustrations, we have assumed that the next distribution will happen straight away.

Please read the following important notes below.

Table 9 – This table shows the projected future proceeds after 10 years, for the UK Corporate Bond Fund, with payments taken.

At	4% per year	growth the cash value would be	£8,650
At	6% per year	growth the cash value would be	£10,400
At	8% per year	growth the cash value would be	£12,600

Table 10 – This table shows what you might get back (assuming 6% growth a year), for the UK Corporate Bond Fund.

At end of year	Total paid in to date (£)	Distributions (£)	Effect of deductions to date (£)	What you might get back (£)
1	10,000	392	1,030	9,150
2	10,000	783	1,080	9,300
3	10,000	1,170	1,150	9,460
4	10,000	1,560	1,100	9,740
5	10,000	1,950	1,060	10,000
10	10,000	3,960	2,020	10,400

The effect of deductions over the term shown would be equivalent to bringing the investment growth rate used down from 6% to 4.5% each year.

Table 11 – This table shows projected future proceeds after 10 years, for the Monthly UK Corporate Bond Fund, with payments taken.

At	4% per year	growth the cash value would be	£8,660
At	6% per year	growth the cash value would be	£10,400
At	8% per year	growth the cash value would be	£12,600

Table 12 – This table shows what you might get back (assuming 6% growth a year), for the Monthly UK Corporate Bond Fund.

At end of year	Total paid in to date (£)	Distributions (£)	Effect of deductions to date (£)	What you might get back (£)
1	10,000	392	1,030	9,150
2	10,000	783	1,090	9,310
3	10,000	1,170	1,150	9,460
4	10,000	1,560	1,110	9,740
5	10,000	1,950	1,070	10,000
10	10,000	3,970	2,030	10,400

The effect of deductions over the term shown would be equivalent to bringing the investment growth rate used down from 6% to 4.5% each year.

Important Notes

We have assumed that you are taking full payments. The payments have been estimated to be 3.94% and the figures are based on the net yield at 31 March 2006 for the UK Corporate Bond Fund and Monthly UK Corporate Bond Fund. These amounts are not guaranteed and could fluctuate in the future, depending on market conditions. The payments will be paid in four instalments for the UK Corporate Bond Fund and twelve monthly amounts, based on the quarterly payments, for the Monthly UK Corporate Bond Fund.

The illustration assumes the tiered allocation pricing option applies and that full commission has been paid to your financial adviser.

Payments are made at the end of each calendar quarter for the UK Corporate Bond Fund. For the Monthly UK Corporate Bond Fund, monthly amounts, based on the quarterly payments, are declared at the end of each month. However, for the purposes of these illustrations, we have assumed that the next payment will happen straight away.

What are the Bond's charges for?

- The charges we make pay for the cost of setting up your Bond and the advice you receive. They also pay for administering your Bond, professionally investing your money and an element of life insurance cover.
- With the Bond you can invest in funds from other companies within the AXA group and from specialist fund managers from outside of the AXA group. These funds may have higher management charges than the funds managed by AXA Investment Managers UK Ltd. These funds may also have one-off charges when you invest in or switch into them. Please see the Special Risks and Additional Fund Charges document for details of any additional charges.
- You will find full details of the charges on your personal illustration.
- We can change the level of charges at any time. If this happens, we will write to all planholders who are affected to tell them of the change.

What pricing options are available?

You can set up your Bond in one of three ways. Your financial adviser can give you more information on each one. From time to time the actual terms offered may be different from those described below. Please refer to the enclosed personal illustration for details or speak to your financial adviser.

- All the pricing options below have allocation rates based on the age of the youngest person you have named as a life insured, at the date we receive the investment.

■ Tiered Allocation

This option has tiered allocation rates for higher initial investments. There is a higher Yearly Management Charge for the first three years. There is also an Early Cash-in Charge for cashing-in all or part of your Bond in the first five years.

■ Step Down Yearly Charge

Under this option the Yearly Management Charge reduces over time. There is an Early Cash-in Charge for cashing in all or part of your Bond in the first five years.

■ Easy Access

This option has lower allocation rates than the other two options but there are no Early Cash-in Charges. There is a negative Yearly Management Charge in year eight, which is equivalent to a Loyalty Bonus over the year of 2%. This bonus is paid into your Bond throughout year eight.

What about life cover?

As this is a life assurance bond, life cover is included with your investment. The life cover is based on the lives of the people you name as 'life/lives insured' in your application form. Most investors name themselves as one of the lives assured. It is possible though to name up to nine lives insured on your Investment Bond. This can be beneficial as it means that if you die and are survived by another life (or lives) insured, the Bond will keep running rather than being automatically encashed on your death. This gives the new planholder (ie whoever inherits your Investment Bond should you die) more control over exactly when the Bond is encashed.

This is important as it can help them with tax planning and/or with seeking to ensure that the investment has had enough time to achieve any medium/long-term investment objectives.

(Please note that the lives assured you name on your Bond do not (as lives assured) in any way own the Bond. They would only take ownership if they inherited this Bond in the event of your death.)

Any questions?

If you need any advice please contact your financial adviser.

For more information please contact us:

You can call us on:
0845 300 0479

As part of our commitment to quality service, telephone calls will be recorded.

Web:

www.axa.co.uk

Log on & register at www.axa.co.uk/investments to:

- View your plan details online
- Check your fund prices
- Change your personal details
- Switch funds

Post:

AXA Administration Centre,
PO Box 1810, Bristol
BS99 5SN.

If you are a Trustee(s) investing in this Bond, then ownership will not be affected by the death of a Trustee (the 'planholder(s)') as the investment has been made on behalf of a Trust and not in a personal capacity by an individual.

What happens when the last life insured dies?

- When the last life insured dies, the Bond will end and we will pay an amount based on the value of your Bond and the date it started. There may be an accidental death benefit.

The table below shows the amounts payable.

PLAN START DATE	DEATH BENEFIT	ACCIDENTAL DEATH BENEFIT
Before 12 December 2005	101%	n/a
12 December 2005 – 23 July 2006	101%	110%
24 July 2006 onwards	100.1%	110%

If the Accidental Death Benefit becomes payable, it is paid instead of the death benefit amount.

There are exclusions to Accidental Death Benefit – please see your Investment Bond Plan Booklet for details of these.

- Any additional investments made will receive the same death benefits as that applying at the Plan Start Date.
- Death benefit (or Accidental Death Benefit if applicable) will be paid on the death of the life insured stated in the Schedule or, if the Bond is issued in joint names, on the death of the last to die of the lives insured.
- The benefits payable under the Bond on your death will form part of your estate for inheritance tax purposes. Under current law, by setting up your Bond subject to an appropriate trust, you can normally make sure that the potential liability to inheritance tax on such benefits is reduced or, possibly, eliminated. However, you will not be able to benefit from the Bond yourself and the amount you have invested will be a 'gift' for inheritance tax purposes. (The 2006 Budget proposed significant changes to the inheritance tax treatment of trusts and you should seek professional advice if you are planning to write your Bond in trust).

Can I change my mind?

- You may change your mind about the Bond. When your Bond starts you will receive a 'Your right to change your mind' form. This gives you the right to cancel the Bond within 30 days of receipt of the 'Your right to change your mind' form.
- If you have not received advice on a face-to-face basis before applying for this Bond, and you have invested in unit linked funds, you do not have a statutory right to cancellation rights but AXA has decided to extend these provisions to all customers as part of our commitment to treating customers fairly.
- If the value of your investment falls before we receive the 'Your right to change your mind' form, we will take an amount equal to the fall in value from the amount repaid to you.
- You also have the right to cancel any extra investments you make to your Bond.

Further information

How to invest

You simply write a cheque made payable to 'AXA Sun Life' for the amount you decide to invest and fill in one simple form.

Cashing in your Bond in the future

You can cash in your Bond at any time by writing to us and sending your plan documents back. Please contact your financial adviser first to discuss your options.

Tax

The funds have to pay tax on income from investments and capital gains and we take this tax from the funds.

You can withdraw up to 5% a year of the initial amount of each investment. You won't have to pay any income tax or capital gains tax at the time you withdraw this amount. You can take your 5% a year entitlement for the first 20 years of each investment. Tax is deferred until encashment and depending upon your circumstances at that time, could give rise to a tax liability. If you pay higher rate tax, you must pay tax at the difference between the higher rate and the savings rate (currently 20%) on any withdrawal over your 5% entitlement.

Any gain you make from cashing in your Bond will be free from the starting rate and savings rate of income tax and capital gains tax. If you pay higher rate tax, you must pay tax at the difference between the higher rate and the savings rate (currently 20%) on gains.

Any age related allowance(s) you may be allowed could be affected if you withdraw more than your 5% tax-deferred entitlement or if you make a gain when you cash in your Bond. You will find further details in the Investment Bond Guide. The value of the Bond's tax benefits depends on your circumstances.

Enquiries and Complaints

If you would like further information then please contact us at AXA Administration Centre, PO Box 1810, Bristol BS99 5SN. Telephone number: 0845 300 0479.

If you are not satisfied with any aspect of the service that you have received from us, then we have a written complaints handling procedure, a copy of which is available on request. Making a complaint will not prejudice your right to take legal proceedings. Complaints we cannot settle may be referred to the Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall,

London, E14 9SR, telephone: 0845 080 1800.
e-mail: enquiries@financial-ombudsman.org.uk.
website: www.financial-ombudsman.org.uk.

Law and language

AXA and you have a free choice about law that can apply to a plan. AXA proposes to choose the law of England and Wales, and by entering this plan, you agree that the law of England and Wales applies. Your contract documents will be supplied to you in English and any subsequent correspondence with you regarding your contract will be in English. English and Welsh courts shall have exclusive jurisdiction over any disputes that may arise.

Compensation

Your plan is covered by the Financial Services Compensation Scheme. This means that if we become insolvent, you would be covered for at least 90% of the value of the plan. Further information is available in a leaflet that we will send to you on request. You can also obtain information from:

- Financial Services Authority:
www.fsa.gov.uk/consumer/01_warnings/compensation/mn_compensation.html
- Financial Services Compensation Scheme:
www.fscs.org.uk/consumer/

Main business & FSA Register details

AXA is a worldwide insurance group. In the UK one of the AXA companies is AXA Sun Life plc which is an insurer. AXA Sun Life plc is entered on the Financial Services Authority (FSA) Register. FSA Registration number 185063. You can look up our FSA Register details through the FSA website: www.fsa.gov.uk/register

Financial advisers

Where you have received information or advice, the adviser will provide you with information regarding their identity, the capacity in which they are acting and their address for future communications.

Key Features Document information

If the illustration supplied to you contains an expiry date and you wish to make an application after this date, you should ask for a further illustration and Key Features Document from your financial adviser. The date when the Key Features Document was produced is shown at the end of the document. If you are not sure if you have the most up-to-date version, you should ask your financial adviser.



The address for written communication is AXA, PO Box 1810, Bristol, BS99 5SN. The telephone number of AXA is 0117 989 9000.
AXA is a worldwide insurance group. In the UK, one of the AXA companies is AXA Sun Life plc, the provider of this plan.
Authorised and regulated by the Financial Services Authority. AXA Sun Life plc is a company limited by shares,
registered in England No. 3291349, registered office: 5 Old Broad Street, London, EC2N 1AD.
As part of our commitment to quality service, telephone calls may be recorded.

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Be Life Confident