

KEY FEATURES

Key Features of the Prudential Investment Bond

KEY FEATURES OF PRUDENTIAL INVESTMENT BOND

This Key Features document gives you the main points of the Prudential Investment Bond. Please read it carefully before you buy and keep it in a safe place. You may need to refer to it in the future.

Please also read the enclosed "Your With-Profits Plan – a guide to how we manage the fund".

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ITS AIMS

- To give you medium to long term capital growth.
- To enable you to take money out of your bond, through regular withdrawals (only if you invest a single payment) or by cashing in all or part of your bond.

YOUR INVESTMENT

- You invest one or more single payments and/or regular amounts.
- The single payment can be wholly or partly money reinvested from a maturing Prudential policy. Regular payments can be continued from a maturing Prudential policy.
- If you make a single payment, the bond is designed to be invested for at least five years before you fully or partly cash in your bond. If you are a non-taxpayer or a starting rate taxpayer, it is designed to be invested for at least ten years.
- If you make regular payments only, the bond is designed for these to be made for at least five years and be invested for at least ten years before you take any money out of your bond.
- When you cash in the bond you may get back less than that shown in the illustration because:
 - the return on investments in our with-profits fund could be lower than illustrated
 - expenses incurred by the fund and our charges may be higher than those illustrated
 - we may reduce the value of your investment by applying a Market Value Reduction if you withdraw money from the bond. For further details, please see page 7
 - you may have taken withdrawals that your illustration does not allow for. These could reduce or be greater than the capital growth.
- The returns you get on With-Profits investments depend on a number of factors – these include profits and/or losses from non-profit plans which are also part of the with-profits fund and the cost of meeting any guarantees including, for example, those under certain Annuity plans which guarantee an income for life.

RISK FACTORS

- What you might get back will depend on our investment performance and is not guaranteed. The value of your investment can go down as well as up. You may not get back the full amount of your investment.
- Please also remember that we may apply an Early Cash-In Charge if you withdraw money from the bond. For further details, please see page 8.
- Inflation could reduce the value of your plan and any growth from it.

QUESTIONS AND ANSWERS

WHAT IS THE PRUDENTIAL INVESTMENT BOND?

- It is an investment plan that aims to increase the value of the money you invest in the Prudential with-profits fund. It also provides minimal life and terminal illness cover.
- To start a bond the minimum single payment is £5,000 (£1,500 if at least part of this amount is reinvestment from a maturing Prudential policy) and the minimum regular amount is £50 a month (£30 a month if you are continuing savings from a maturing Prudential policy). The total amount you can invest is £500,000.
- You can start investing in the Prudential Investment Bond if you are aged at least 16 and under 80.
- You can start investing for yourself on a single life basis. Alternatively, you and your partner or family member can invest on a joint life basis. For a joint life bond at least one of you must be aged under 80.
- If you start your bond with regular payments but after ten years are no longer making them and your bond is then worth less than £1,000, we may close your bond and pay you its value.

- If you are not reinvesting or continuing savings from a maturing Prudential policy and are a non-taxpayer or a starting rate taxpayer the bond is not suitable for regular savings only.

HOW FLEXIBLE IS THE BOND?

- The bond has no fixed term. You can invest for as long as you wish.
- You can increase your investment subject to minimum and maximum limits.
 - You can add single payments to your bond, whether your payments have previously been single or regular, subject to a minimum of £300 each time. You may do this at any time, but we do not recommend it if you (both of you for a joint life bond) are aged 80 or more.
 - You can increase your monthly payment, subject to a minimum increase of £20 a month. You can also start regular monthly payments, if previously you have made only single payments, subject to a minimum of £50 a month (£30 if you start your bond by reinvesting money or

continuing savings from a maturing Prudential policy). You (at least one of you for a joint life bond) must be under age 80 when you increase or start regular payments.

- If you save a regular amount you can reduce your payments as long as you continue to save a minimum amount. This is currently £50 a month (£30 if you started your bond by reinvesting money or continuing savings from a maturing Prudential policy). This may change in the future.
- You can also take a payment break or stop regular payments at any time. We will continue to add bonuses to your bond. You can restart your regular payments at any time, subject to certain conditions. If you make regular payments and then break or stop these payments, this could restrict the growth potential of your bond.
- You can cash in your bond at any time or take one-off withdrawals. If you have made a single payment, you might be able to take regular withdrawals. Please see 'Can I take money out?' for further details.

WHAT MIGHT I GET BACK?

You will get back the value of your bond when you decide to fully cash it in. There is no guaranteed amount.

The amount you'll get will depend on:

- the amounts you have invested;
- how long these amounts have been invested;
- any bonuses we have added to your bond;
- the amount and timing of our charges, including any Early Cash-In Charges we may have to apply;
- any withdrawals you have taken;
- any Market Value Reduction that we may apply to the value of your bond.

Please refer to your illustration which shows how much you could receive based on examples of investment growth rates and investment periods.

CAN I TAKE MONEY OUT?

There are two ways to access your money, without cashing in your bond in full

- taking regular withdrawals
- taking a one-off withdrawal

IF YOU TAKE REGULAR WITHDRAWALS

If you have invested a single payment you can take regular withdrawals. However, to ensure that your investment has a chance to grow and reduce the effect of the initial charge, you must first have invested at least £6,500 into the bond (after deducting any one-off withdrawals already taken).

Once you've invested this amount, you must wait for a set period of time before you start to take your regular withdrawals – this is called the deferment period.

The deferment period depends on the allocation rate you have received on your investment, how frequently you wish to receive the withdrawals and your tax-paying status.

The current deferment periods (they may change in the future) are shown over

Allocation rate	Frequency of withdrawals	Deferment period for basic rate and higher rate taxpayers
%		Months
100 to 102	Monthly	24
	Quarterly/ half yearly	30
	Yearly	36
103 and 104	Monthly	18
	Quarterly/ half yearly	24
	Yearly	30
105 and 106 (maturity reinvestments only)	Monthly	6
	Quarterly/ half yearly	12
	Yearly	18

For non-taxpayers and starting rate taxpayers the deferment periods for all allocation rates are:

- Monthly withdrawals 24 months
- Quarterly/half yearly withdrawals 30 months
- Yearly withdrawals 36 months

Allocation rates depend on the amount invested. Please see page 7.

- After each top-up we suggest that you recommence the deferment period before you start to receive regular withdrawals to help ensure that there is still sufficient growth on your bond before any withdrawals are taken.

- Each regular withdrawal must currently be at least £50.
- The more regular withdrawals you take, the more likely you are to reduce the value of your investment.
- The maximum total regular withdrawal you can take each year currently cannot exceed 7.5% of the total amount you have invested, after deducting any one-off withdrawals already taken. However, by not taking more than 5% each year you will reduce the impact on the growth potential of your bond.
- You cannot receive regular withdrawals from your bond at the same time as you are paying in regular savings.
- When you start receiving regular withdrawals from the bond, we may apply a Market Value Reduction to any of the withdrawals. This would reduce the value of each unit cashed in to provide the withdrawals. We would therefore have to cash in more of your units than if there were no Market Value Reduction and the remaining value of your bond would then be lower.

IF YOU TAKE A ONE-OFF WITHDRAWAL

You can withdraw money from your bond whether you have invested single payments or you save regular amounts, provided:

- you withdraw at least £200 and
- you leave a minimum balance of at least £1,000 in your bond.

We may apply a Market Value Reduction, which would reduce the value of each unit cashed in, and/or an Early Cash-In Charge. To provide the withdrawal you have requested we would therefore have to cash in more of your units than if there were no Market Value Reduction/Early Cash-In Charge and the remaining value of your bond would then be lower.

If you want to receive regular withdrawals or partly or fully cash in your bond, please contact our Customer Services Office. We will send you a form to complete and return.

If you fully cash in your bond and pay a regular monthly amount you must also cancel your direct debit with your bank or building society at least seven business days before your next payment date. We will send you a cheque within four business days of the date we sell the units in your bond.

WHERE IS MY MONEY INVESTED?

Your money, after applying the allocation rate and deducting the initial charge, will be invested in the Prudential With-Profits Fund.

A with-profits investment is one that aims to smooth the return on your money over the period of time you hold the bond. So, you should see a steadier return year on year, rather than watching the value of your bond fully reflect the rise and fall in stockmarkets.

Your payments are pooled with those of other Prudential investors to form a fund. We invest this fund in a wide range of investments including company shares, property, government bonds, company bonds and deposits.

Bonuses are the way we allocate to you your share of the profits of the fund.

There are two types:

- regular, which are added throughout each year. We can change the rate of regular bonus at any time without prior notice.
- final, which may be paid when you take money out of your bond. Final bonuses can be reduced or removed at any time without warning and cannot be guaranteed.

Allocation rate – is the percentage we apply to your payment before deducting the initial charge and investing the balance.

If you are investing for the first time in the Prudential Investment Bond the allocation rate will depend on the amount of your payment, whether regular or single.

If you are adding a payment, whether regular or single, to your bond the allocation rate will depend on the total amount you have invested so far, including the new payment. This allocation rate will apply to the new payment, but does not affect payments previously made.

Regular payments will be allocated at 100% for as long as the total amount you have paid in is below £6,000. The payment that takes the total above £6,000 will be allocated at 101% as will all further payments until the next rate band is reached, and so on (please see the following table).

We apply the allocation rate to your payment and then deduct the initial charge of 6% (please see "What are the charges?") and invest the balance in the Prudential With-Profits Fund. If the allocation rate is more than 100%, this will have the effect of reducing the initial charge we deduct from your payment before it is invested.

The total amount you have invested	Allocation rate
	%
Up to £5,999	100
£6,000 to £9,999	101
£10,000 to £19,999	1022
£20,000 to £49,999	103
£50,000 to £500,000	104

If you reinvest a lump sum from a maturing Prudential policy, the above allocation rates will be increased by 2%. If you also invest an additional lump sum at the same time as the maturity money, it will also receive the increased allocation rate. All other lump sum investments will receive the allocation rates shown above.

The allocation rates are not guaranteed for any future payments, whether regular or single, that you may make.

Market Value Reduction (MVR) – If you take money out of the with-profits fund, we may make an adjustment to your bond value if the value of the underlying assets is less than the value of your bond including all bonuses. This adjustment is known as a Market Value Reduction (MVR). It is designed to protect investors who are not taking their money out and its application means that you get a fair share of the with-profits fund in which your payments are invested. We apply

the MVR to your bond value including regular and final bonuses. We do not apply a MVR on any claims due to death or terminal illness.

From 24 February 2004, our current practice of applying an MVR is as follows:

We may apply a MVR, to full or partial withdrawals, on all investments that have been running for less than five years. For investments that have been running for longer periods, we would consider the application of a MVR on any particular withdrawal where that withdrawal results in the total amount paid out, including any other payments in the previous 12 months, exceeding £25,000. We would only apply the MVR to the withdrawal amount in excess of £25,000 in these circumstances.

The impact of a MVR will be to reduce the amount payable on a full withdrawal, or to reduce the remaining value of your bond after a partial withdrawal.

We may also apply the MVR to regular automatic withdrawals over a certain limit. Currently this limit is 5% of your Bond value including regular, but not final, bonuses. If regular automatic withdrawals exceed this limit then the whole withdrawal is treated as a partial withdrawal as described above.

We reserve the right to change our practice at any time in particular in the light of a significant move in the investment market or in the event of a significant increase in the level of withdrawals taken by our policyholders.

Any change we make to our practice would be applied without prior notice and would apply to existing bonds as well as to any new bonds or top-ups. However, if we were to reduce the regular automatic withdrawal limit, the new limit would apply only to regular withdrawals starting after the date the change was made or to existing withdrawals when the amount or frequency is altered.

WHAT HAPPENS TO MY BOND IF I DIE OR BECOME TERMINALLY ILL?

- We pay out at least 101% of the value of your bond on death or if you ask us to because of terminal illness.
- A terminal illness is one where death is expected within 12 months of diagnosis and Prudential accepts the diagnosis.
- If you have a single life bond, we pay out when you die or are diagnosed as terminally ill.

- If you have a joint life bond, ownership of the bond passes wholly to the survivor when the first person dies. We pay out when the second person dies or is diagnosed as terminally ill.
- Once we have paid the lump sum, the bond will then end.
- The bond can be placed in a trust with the proceeds being paid to the trustees. For more details you should seek legal advice.

WHAT ARE THE CHARGES?

We deduct the following charges from your bond to cover the costs of administration, investment management and marketing.

- **Initial Charge** – we deduct 6% from each of your single and regular payments. We have explained earlier how the allocation rate may effectively reduce this charge. Please see "Where is my money invested?".
- **Annual charge** – there is an annual charge that will be deducted from your plan each year which will be taken through the bonus mechanism effectively in the form of a with-profits fund charge.

■ Charges on with-profits business depend on the investment returns achieved and the expenses incurred by the fund. For example, higher investment returns will be associated with a higher with-profits fund charge and lower investment returns with a lower with-profits fund charge. Further information on the operation of our with-profits fund is contained in our guide "Your With-Profits Plan – a guide to how we manage the fund".

■ **Early Cash-In Charge** – this may apply if you cash in all or part of any single payment within five years of its investment. The charge is a percentage of the value of the units cashed in, as shown in the table opposite. Each single payment starts a new separate five year term and if more than one single payment is cashed in at the same time, a different Early Cash-In Charge could apply to each.

If you fully cash in your bond and an Early Cash-In Charge applies it will be deducted from the amount we pay out to you. If you take a one-off withdrawal, we shall cash in enough units to provide both the amount of the one-off withdrawal and the Early Cash-In Charge.

The Early Cash-In Charge applies only to withdrawals taken from single payment investments. The charge does not apply to regular withdrawals, death or terminal illness payments or any withdrawals taken from regular payment investments.

The table below shows the Early Cash-In Charge:

Length of time since investment of a single payment (whether initial or top-up)	% deduction of the value of units cashed in
Less than 1 year	5
At least 1 but less than 2 years	4
At least 2 but less than 3 years	3
At least 3 but less than 4 years	2
At least 4 but less than 5 years	1
5 years and over	Nil

■ **Withdrawal charge** – If you have paid in less than £3,000, we make a charge of up to £180 from your fund when you cash in your bond or on the tenth anniversary of the bond if this is earlier. If your bond was started by continuing savings from a maturing Prudential policy, this withdrawal

charge will be up to £90 and will be made if you have paid in less than £1,500. If you cash in your bond after making regular payments for only a few months you may not get anything back.

- **Charge for guarantees** – There is a charge to pay for all the guarantees the With-Profits Fund supports. We guarantee to not take away regular bonuses already added when a payment is made because of death, terminal illness and certain regular withdrawals and to only apply a Market Value Reduction in certain circumstances (see section on page 7 for more details). This charge will be taken by making a small deduction each year when deciding Regular and Final Bonuses, so you will not see it on any yearly statement. The total deduction over the lifetime of the Bond is not currently more than 2% of any payment made from the Fund. The amount of this charge will be reviewed from time to time and is not guaranteed to remain at the current level.

WHAT ABOUT TAX?

- Prudential pays tax on income and capital gains earned within the fund. The HM Revenue & Customs views this as equivalent to you having paid Capital Gains Tax and Lower/Savings rate Income Tax on the benefits from your bond. However, the tax paid by Prudential is not reclaimable by any individual. You may have additional tax liability when a benefit is taken from the bond at a rate up to the difference between the higher rate and Lower/Savings rate of Income Tax. Also, any entitlement to Higher Personal Allowance (previously known as "Age Allowance") and certain tax credits (e.g. Children's Tax Credit, Working Families Tax Credit, Disabled Person Tax Credit) may be adversely affected. The tax paid within the fund will affect the overall return you receive.
- Depending on your tax situation, you may have to pay Income Tax on any profit when you cash in the bond, or take one-off withdrawals or regular withdrawals that exceed an allowance of 5% each year of the total amount invested. There is a maximum total allowance of 100% of each amount invested. Any unused 5% allowances can be carried forward to future years.

If the bond is paid out on death any tax liability is similar to that on fully cashing it in. There is no tax liability if the bond is closed on account of terminal illness.

- If you have a joint life bond and you are not husband and wife or civil partners when the first person dies, there could then be an Inheritance Tax liability. If you are concerned about this, you should discuss it further with your legal advisor.
- Further information about the taxation of the Bond is in "Taxation of Bonds", which is available on request. If you would like a copy please call free on 0845 7100 000 or visit our website www.pru.co.uk

CAN I CHANGE MY MIND?

When your application is accepted we will send you a Cancellation Notice. This gives you the right to cancel your bond at any time within 30 days of receiving the Cancellation Notice. If you wish to exercise your right to cancel you should complete and return the Cancellation Notice, or write to us at the address stated under 'HOW TO CONTACT US'.

If you make regular payments only we shall extend your cancellation period to the first three months from the commencement date of your bond. If you decide within those three months that you do not wish to continue, we shall let you cancel the bond and receive a full refund of your payments (without interest). To cancel your bond, you must inform us that you have changed your mind and claim your refund within two months of the date of the last monthly payment made. Otherwise, you will not be able to claim a refund. Please note that you do not have this additional right if you increase your monthly payments within the first three months of taking out your bond or if you make a single payment.

If you cancel a single premium investment into Prudential Investment Bond within the cancellation period you will get all your money back.

HOW WILL I KNOW HOW MY PRUDENTIAL INVESTMENT BOND IS DOING?

We'll send you a yearly statement to show how your bond is doing.

HOW TO CONTACT US

STILL HAVE QUESTIONS OR WANT TO MAKE CHANGES TO YOUR BOND?

Call us on

0845 7100 000

Or visit our website:

www.pru.co.uk

Or please write to us at:

**Prudential Customer Services
Stirling FK9 4UE.**

Calls may be monitored or recorded for quality and security purposes.

OTHER INFORMATION

HOW TO COMPLAIN

We hope you never need to complain, but should you have a complaint about any aspect of the services you have received please contact your Financial Adviser. If you have dealt directly with us, please contact us at:

**Prudential Customer Services,
Stirling FK9 4UE**

or

call us on 0845 7100 000

Copies of our Complaints Handling Procedures are available from the address or telephone number shown above.

If you are not satisfied with our response, you may take your complaint to:

The Financial Ombudsman Service,
South Quay Plaza, 183 Marsh Wall,
London E14 9SR.

This is a free service; using it will not affect your legal rights.

TERMS AND CONDITIONS

This Key Features document gives only a summary of the Prudential Investment Bond and should be read in conjunction with your illustration.

The terms and conditions can be found in Policy Provisions INVB6650, which is contained within your illustration pack, you can request a copy of the terms and conditions from us at any time.

Some of the amounts shown and facilities available may be changed in the future.

We will inform you, normally in your yearly statement, of any major changes to the terms and conditions of your bond.

LAW

In legal disputes, the law of England and Wales will apply.

LANGUAGE

Your contract is supplied in English and all communications will be made in English.

COMPENSATION

Qualified advisors should only recommend products that are suitable for you. You may have a right to compensation, if we or another authority decide that you have bought a plan, following an advisor's recommendation, which was not suitable for your needs at that time and which has resulted in financial loss.

Please contact our Customer Services Office for more information.

We are covered by the Financial Services Compensation Scheme. You may be entitled to compensation from the scheme if we cannot meet our obligations in full. This depends on the type of business and the circumstances of the claim. Insurance business of this type is generally covered for 100% of the first £2,000 and 90% of the balance of the claim.

Further information is available from the Financial Services Compensation Scheme.

FSA REGISTRATION

The Prudential Assurance Company Limited is entered on the FSA Register, FSA Account Number 139793.

Important

The value of your investment may go down as well as up and the fund value may be less than the payments you have made. The rate of future bonuses in the Prudential With-Profits Fund and therefore the rate of growth in the unit price cannot be guaranteed.

Information in this Key Features document is based on our understanding, as at January 2007, 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.

EXAMPLE ILLUSTRATION FOR PRUDENTIAL INVESTMENT BOND

– LUMP SUM REINVESTMENT FROM A MATURING PRUDENTIAL POLICY

This is an illustration of what you might get back. The amounts shown are not guaranteed. Please read this illustration together with the Key Features of Prudential Investment Bond and keep them in a safe place. This illustration includes the additional 2% allocation rate.

YOUR PRUDENTIAL INVESTMENT BOND SUMMARY

Single payment £5,000
Anticipated term 10 years
Death benefit 101% of the plan value

WHERE WILL MY PAYMENTS BE INVESTED?

We will invest your payments in the Prudential With-Profits fund.

WHAT MIGHT I GET BACK?

If investments grow at the rates shown below you may get the following amounts back after the anticipated term of 10 years:

4% a year	£5,870
6% a year	£7,010
8% a year	£8,550

Please note:

- The figures are only examples and aren't guaranteed – they're not minimum or maximum amounts. What you get back depends on how your investment grows and on the tax treatment of the investment.
- You could get back more or less than this.
- All firms use the same rates of growth for projections, but their charges vary.

- Do not forget that inflation would reduce what you could buy in the future with the amounts shown.
- You can keep your money invested in your plan for as long as you wish, there is no fixed term.

WHAT ARE THE CHARGES?

- The charges cover the cost of life cover, any commissions, expenses, any surrender penalties and other adjustments. We take charges out of the plan in every year.
- The actual charges depend on the performance of the with-profits fund and may vary over time. The table in the next column shows how they are expected to apply at different stages during the plan, using a growth rate of 6% a year.
- We apply an allocation rate to your payment then deduct the initial charge of 6%. This means that we will effectively deduct 4.1% from your single payment.
- The table in the next column shows any Early Cash-In Charge, as described in the Key Features document, that might apply to your bond.

AT END OF YEAR	% FROM YOUR FUND VALUE EACH YEAR	% FROM YOUR FUND VALUE IF YOU CASH IN
1	1.8	4.0
2	1.8	3.0
3	1.9	2.0
4	1.9	1.0
5	1.9	0.0
10	2.0	0.0

HOW MUCH WILL CHARGES AND EXPENSES AFFECT MY INVESTMENT?

The table below shows what you could get back. The last two columns assume that investments grow at 6% a year.

Warning: If you cash in during the early years, the value could be less than you've paid in.

AT END OF YEAR	TOTAL PAID INTO DATE	TOTAL ACTUAL DEDUCTIONS TO DATE	EFFECT OF DEDUCTIONS TO DATE	WHAT YOU MIGHT GET BACK
THE EARLY YEARS				
1	£5,000	£517	£517	£4,780
2	£5,000	£566	£597	£5,020
3	£5,000	£619	£686	£5,260
4	£5,000	£676	£784	£5,520
5	£5,000	£738	£893	£5,790
THE LATER YEARS				
10	£5,000	£1,390	£1,930	£7,010

WHAT ARE THE DEDUCTIONS FOR?

The deductions include the cost of life cover, any commissions, expenses, charges, any surrender penalties, implicit costs or charges for any guarantees and other adjustments. The last line of the previous table shows that the effect of total deductions could amount to £1,930 over 10 years.

Putting it another way, this would have the same effect as bringing the investment growth used from 6% a year down to:

1.8%	over 3 years
3.0%	over 5 years
3.4%	over 10 years

WHAT ARE THE ASSOCIATED SALES COSTS?

There will be a sales cost associated with arranging this bond which will be paid for out of the deductions. The amount will depend on the amount of your investment. Further details will be included in the documents you receive once you have taken out this bond.

EXAMPLE ILLUSTRATION FOR PRUDENTIAL INVESTMENT BOND

– LUMP SUM INVESTMENT

This is an illustration of what you might get back. The amounts shown are not guaranteed. Please read this illustration together with the Key Features of Prudential Investment Bond and keep them in a safe place.

YOUR PRUDENTIAL INVESTMENT BOND SUMMARY

Single payment £5,000
Anticipated term 10 years
Death benefit 101% of the plan value

WHERE WILL MY PAYMENTS BE INVESTED?

We will invest your payments in the Prudential With-Profits fund.

WHAT MIGHT I GET BACK?

If investments grow at the rates shown below you may get the following amounts back after the anticipated term of 10 years:

4% a year	£5,750
6% a year	£6,870
8% a year	£8,330

Please note:

- The figures are only examples and aren't guaranteed – they're not minimum or maximum amounts. What you get back depends on how your investment grows and on the tax treatment of the investment.
- You could get back more or less than this.
- All firms use the same rates of growth for projections, but their charges vary.

- Do not forget that inflation would reduce what you could buy in the future with the amounts shown.
- You can keep your money invested in your plan for as long as you wish, there is no fixed term.

WHAT ARE THE CHARGES?

- The charges cover the cost of life cover, any commissions, expenses, any surrender penalties and other adjustments. We take charges out of the plan in every year.
- The actual charges depend on the performance of the with-profits fund and may vary over time. The table in the next column shows how they are expected to apply at different stages during the plan, using a growth rate of 6% a year.
- We apply an allocation rate to your payment then deduct the initial charge of 6%. This means that we will effectively deduct 6% from your single payment.
- The table in the next column shows any Early Cash-In Charge, as described in the Key Features document, that might apply to your bond.

AT END OF YEAR	% FROM YOUR FUND VALUE EACH YEAR	% FROM YOUR FUND VALUE IF YOU CASH IN
1	1.8	4.0
2	1.8	3.0
3	1.9	2.0
4	1.9	1.0
5	1.9	0.0
10	2.0	0.0

HOW MUCH WILL CHARGES AND EXPENSES AFFECT MY INVESTMENT?

The table below shows what you could get back. The last two columns assume that investments grow at 6% a year.

Warning: If you cash in during the early years, the value could be less than you've paid in.

AT END OF YEAR	TOTAL PAID INTO DATE	TOTAL ACTUAL DEDUCTIONS TO DATE	EFFECT OF DEDUCTIONS TO DATE	WHAT YOU MIGHT GET BACK
THE EARLY YEARS				
1	£5,000	£611	£611	£4,680
2	£5,000	£659	£696	£4,920
3	£5,000	£711	£789	£5,160
4	£5,000	£767	£893	£5,410
5	£5,000	£767	£1,000	£5,680
THE LATER YEARS				
10	£5,000	£1,470	£2,070	£6,870

WHAT ARE THE DEDUCTIONS FOR?

The deductions include the cost of life cover, any commissions, expenses, charges, any surrender penalties, implicit costs or charges for any guarantees and other adjustments. The last line of the previous table shows that the effect of total deductions could amount to £2,070 over 10 years.

Putting it another way, this would have the same effect as bringing the investment growth used from 6% a year down to:

1.1%	over 3 years
2.6%	over 5 years
3.2%	over 10 years

WHAT ARE THE ASSOCIATED SALES COSTS?

There will be a sales cost associated with arranging this bond which will be paid for out of the deductions. The amount will depend on the amount of your investment. Further details will be included in the documents you receive once you have taken out this bond.

EXAMPLE ILLUSTRATION FOR PRUDENTIAL INVESTMENT BOND

– CONTINUATION OF REGULAR SAVINGS FROM A MATURING PRUDENTIAL POLICY

This is an illustration of what you might get back. The amounts shown are not guaranteed. Please read this illustration together with the Key Features of Prudential Investment Bond and keep them in a safe place.

YOUR PRUDENTIAL INVESTMENT BOND SUMMARY

Regular payment £50 a month
Anticipated term 10 years
Death benefit 101% of the plan value

WHERE WILL MY PAYMENTS BE INVESTED?

We will invest your payments in the Prudential With-Profits fund.

WHAT MIGHT I GET BACK?

If investments grow at the rates shown below you may get the following amounts back after the anticipated term of 10 years:

4% a year	£6,200
6% a year	£6,840
8% a year	£7,560

Please note:

- The figures are only examples and aren't guaranteed – they're not minimum or maximum amounts. What you get back depends on how your investment grows and on the tax treatment of the investment.
- You could get back more or less than this.
- All firms use the same rates of growth for projections, but their charges vary.

- Do not forget that inflation would reduce what you could buy in the future with the amounts shown.
- You can keep your money invested in your plan for as long as you wish, there is no fixed term.

WHAT ARE THE CHARGES?

- The charges cover the cost of life cover, any commissions, expenses, any surrender penalties and other adjustments. We take charges out of the plan in every year.
- The actual charges depend on the performance of the with-profits fund and may vary over time. The table in the next column shows how they are expected to apply at different stages during the plan, using a growth rate of 6% a year.
- We apply an allocation rate to your payment then deduct the initial charge of 6%. This means that we will effectively deduct 6% from each regular payment.
- The table in the next column shows any withdrawal charge, as described in the Key Features document, that might apply to your bond.

AT END OF YEAR	% FROM YOUR FUND VALUE EACH YEAR	% FROM YOUR FUND VALUE IF YOU CASH IN
1	1.9	54.0
2	1.9	18.0
3	1.9	0.0
4	1.9	0.0
5	1.9	0.0
10	1.6	0.0

HOW MUCH WILL CHARGES AND EXPENSES AFFECT MY INVESTMENT?

The table below shows what you could get back. The last two columns assume that investments grow at 6% a year.

Warning: If you cash in during the early years, the value could be less than you've paid in.

AT END OF YEAR	TOTAL PAID INTO DATE	TOTAL ACTUAL DEDUCTIONS TO DATE	EFFECT OF DEDUCTIONS TO DATE	WHAT YOU MIGHT GET BACK
THE EARLY YEARS				
1	£600	£98	£98	£521
2	£1,200	£116	£122	£1,150
3	£1,800	£168	£182	£1,780
4	£2,400	£255	£279	£2,420
5	£3,000	£356	£397	£3,090
THE LATER YEARS				
10	£6,000	£1,050	£1,310	£6,840

WHAT ARE THE DEDUCTIONS FOR?

The deductions include the cost of life cover, any commissions, expenses, charges, any surrender penalties, implicit costs or charges for any guarantees and other adjustments. The last line of the previous table shows that the effect of total deductions could amount to £1,310 over 10 years.

Putting it another way, this would have the same effect as bringing the investment growth used from 6% a year down to:

1.2%	over 3 years
2.6%	over 5 years
4.0%	over 10 years*

* Payments made for 10 years only

WHAT ARE THE ASSOCIATED SALES COSTS?

There will be a sales cost associated with arranging this bond which will be paid for out of the deductions. The amount will depend on the amount of your investment. Further details will be included in the documents you receive once you have taken out this bond.

EXAMPLE ILLUSTRATION FOR PRUDENTIAL INVESTMENT BOND

– REGULAR SAVINGS

This is an illustration of what you might get back. The amounts shown are not guaranteed. Please read this illustration together with the Key Features of Prudential Investment Bond and keep them in a safe place.

YOUR PRUDENTIAL INVESTMENT BOND SUMMARY

Regular payment £50 a month
Anticipated term 10 years
Death benefit 101% of the plan value

WHERE WILL MY PAYMENTS BE INVESTED?

We will invest your payments in the Prudential With-Profits fund.

WHAT MIGHT I GET BACK?

If investments grow at the rates shown below you may get the following amounts back after the anticipated term of 10 years:

4% a year	£6,200
6% a year	£6,840
8% a year	£7,560

Please note:

- The figures are only examples and aren't guaranteed – they're not minimum or maximum amounts. What you get back depends on how your investment grows and on the tax treatment of the investment.
- You could get back more or less than this.
- All firms use the same rates of growth for projections, but their charges vary.

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- The actual charges depend on the performance of the with-profits fund and may vary over time. The table in the next column shows how they are expected to apply at different stages during the plan, using a growth rate of 6% a year.
- We apply an allocation rate to your payment then deduct the initial charge of 6%. This means that we will effectively deduct 6% from each regular payment.
- The table in the next column shows any withdrawal charge, as described in the Key Features document, that might apply to your Bond.

AT END OF YEAR	% FROM YOUR FUND VALUE EACH YEAR	% FROM YOUR FUND VALUE IF YOU CASH IN
1	1.9	144.0
2	1.9	108.0
3	1.9	72.0
4	1.9	36.0
5	1.9	0.0
10	1.6	0.0

HOW MUCH WILL CHARGES AND EXPENSES AFFECT MY INVESTMENT?

The table below shows what you could get back. The last two columns assume that investments grow at 6% a year.

Warning: If you cash in during the early years, the value could be less than you've paid in.

AT END OF YEAR	TOTAL PAID INTO DATE	TOTAL ACTUAL DEDUCTIONS TO DATE	EFFECT OF DEDUCTIONS TO DATE	WHAT YOU MIGHT GET BACK
THE EARLY YEARS				
1	£600	£188	£188	£431
2	£1,200	£201	£212	£1,060
3	£1,800	£230	£254	£1,710
4	£2,400	£276	£315	£2,390
5	£3,000	£339	£397	£3,090
THE LATER YEARS				
10	£6,000	£1,040	£1,310	£6,840

WHAT ARE THE DEDUCTIONS FOR?

The deductions include the cost of life cover, any commissions, expenses, charges, any surrender penalties, implicit costs or charges for any guarantees and other adjustments. The last line of the previous table shows that the effect of total deductions could amount to £1,310 over 10 years.

Putting it another way, this would have the same effect as bringing the investment growth used from 6% a year down to:

1.2%	over 3 years
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WHAT ARE THE ASSOCIATED SALES COSTS?

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ADDENDUM

This leaflet contains important information and should be read in conjunction with your Key Features document.

YOUR CLIENT CATEGORY

We are required to categorise our clients and this determines the level of detail and information that you will receive. We will treat you as a 'Retail Client' in respect of the services we will provide you, which means that you will benefit from the highest level of consumer protection. For example a Retail Client will be provided information in a more straightforward way than a large financial services company.

Your ability to refer complaints to the Financial Ombudsman Service is unaffected.

If you have any questions on your categorisation please contact our Customer Service Team on 0800 000 000* , Monday – Friday, 8am – 6pm.

CONFLICT OF INTEREST

Our reputation for being a professional, honest and fair-dealing organisation that conducts business with integrity and honesty is very important to us. A conflict of interest can arise when a business or personal interest influences or appears to influence an independent and objective decision. Prudential is committed to maintaining its reputation and has drawn up a policy to deal with any conflicts of interest.

Please contact our Customer Service Team on 0800 000 000* , Monday – Friday, 8am – 6pm for full details of our Conflict of Interest Policy.

HOW WE WILL COMMUNICATE WITH YOU

We will communicate with you in English in writing, by phone or e-mail.

FSA REGISTRATION

You can contact the Financial Services Authority at:

25 The North Colonnade,
Canary Wharf,
London E14 5HS
www.fsa.gov.uk

COMPENSATION

We are covered by the Financial Services Compensation Scheme. You may be entitled to compensation from the scheme if we cannot meet our obligations.

This depends on the type of business and the circumstances of the claim.

Long term insurance business (e.g. pension and life insurance)

Generally covered for 100% of the first £2,000 and 90% of the balance of the claim.

Investment business Cover is limited to 100% of the first £30,000 and 90% of the next £20,000. up to a maximum of £48,000.

Further information is available from:

Financial Services Compensation Scheme,
7th floor,
Lloyds Chambers,
Portsoken Street,
London E1 8BN
Telephone: 020 7892 7300

*Calls may be monitored or recorded for quality and security purposes.

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Registered number SC212640. Authorised and Regulated by the Financial Services Authority.

PRUDENTIAL

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