

Contract Conditions

International Prudence Bond (Spain)

Contract Conditions Booklet PIA/ESP/IPB/06/0624

Contents

Part 1: Introduction	3
Part 2: General conditions	8
Part 3: Your Payments	14
Part 4: Funds	16
Part 5: Cash-in Benefits	26
Part 6: Death Benefit	30
Part 7: Charges	32
Appendix 1	35

Part 1: Introduction

1. General description

Prudential International Assurance PLC is a life assurance company operating from Ireland under registration number 209956 with its registered office located at Fitzwilliam Court, Leeson Close, Dublin 2 (referred to in this document as “We”, “Us” or “Our”). We are regulated as a life assurance undertaking by the Financial Regulator and regulated by the Dirección General de Seguros y Fondos de Pensiones (“DGSFP”) for the conduct of business in Spain under Freedom of Services regime with code L0342.

The International Prudence Bond is a unit-linked whole of life assurance contract set up with an initial single payment, under which You fully undertake the risk of the investment, according to the terms and conditions described herein. The benefits that You are going to receive depend on the market fluctuations outside of Our control. Historical records in these markets are not indicators of future results.

It is designed to give lifetime Benefits (“Cash-in Benefits”) and a single payment Benefit when the Person Covered by the Bond dies (the “Death Benefit”) if it has not been Fully Cashed-in before then. The Cash-in Benefits and Death Benefit of the Bond depend on the value of the Units in the Bond.

You may make additional payments into the Bond. If You do so, You must pay at least the minimum amount, but no more than the maximum amounts that We set from time to time as set out in Appendix 1 hereto. The Initial Investment into the Bond is used to allocate Units to the Bond.

“Allocate” means We are crediting Units to the Bond. Any Additional Investment into the Bond is also used to allocate Units. “Deallocate” means We are removing Units from the Bond.

2. The Contract Conditions

This “Contract Conditions Booklet” sets out the rules that govern the Bond and the Funds that the Bond is linked to.

3. Bond Documents

When a Bond starts, and based on the information You give Us in the application for Investment, We issue the following “Bond Documents” to confirm the contract:

- (a) the “Contract Conditions Booklet” (this document)
- (b) a “Contract Schedule” which sets out the details of Your Bond
- (c) The Statement of Charges, which sets out details of certain charges, costs and limits at the Investment Date of Your Bond
- (d) any non-standard provisions, arrangements or supplementary information which will be set out in the document(s) listed in the “Contract Schedule” or in the “Related Documents” section in the Contract Schedule.

These Documents together form the Bond. If there are any significant changes to the Bond after it has started, We will normally issue an “Endorsement” document detailing the changes.

You should read the expressions “Bond Documents” and “Related Documents” as including any Endorsements documents We issue after the Bond has started.

We do not issue new Contract Schedules, Endorsements or Statement of Charges when a change to any charges and limits expressed as a monetary amount are made.

4. Definitions

Where appropriate, words in the singular include the plural and words in the masculine include the feminine gender and vice versa in both cases.

“**Account**” or “**PruFund Account**” means an account which is a holding account that receives Investment monies pending the automated purchase of Investment Units in the corresponding Fund from the PruFund Range of Funds on the PruFund Quarter Dates. Each Account will reflect the currency of the corresponding Fund from the PruFund Range of Funds which may be available in currencies including Sterling.

“Actual Fund Value” means the value of the Fund which PAC achieves by using a variety of methods and assumptions (including the use of appropriate investment indices) to regularly estimate the value of the assets and liabilities of a Fund. The value attributed to a Fund in this way on any day is its Actual Fund Value on that day.

“Actuary” means the Actuary appointed by the Company in accordance with the terms of section 34 of the Insurance Act 1989 (Ireland).

“Additional Investment” or **“Additional Premium”** means the subsequent payments You make into Your Bond after You have paid in Your Initial Investment. These terms are used interchangeably.

“Additional Investment Date” for an Additional Investment into the Bond means the date the Additional Investment was credited to the Bond.

“Additional Investment Units” means the Units purchased by an Additional Investment as described in Part 3, Condition 1.

“Administration Centre” means Our administration office in Ireland. Our postal address is PO Box 13395, Chelmsford, CM99 2GH.

“Allocation Rate” means the rate described in Part 3, Condition 3.

“Annual Management Charge” or **“AMC”**, means the charge described in Part 4, Condition 1.4 and Part 7, Condition 2.

“Applicant” means the person(s) who applied for the Bond.

“Base Fund Currency” means the currency in which the Fund is valued as described in Part 4, Condition 1.2.

“Beneficiary” means any person nominated as a beneficiary by a Bondholder in accordance with Part 2 Condition 4.

“Beneficiary Nomination” means the nomination described in Part 2, Condition 4.

“Benefit” means the monies due to You from the Bond arising from either a claim for payment of Death Benefits or Cash-in Benefits.

“Benefit Currency” means the currency denomination that the Death Benefit or the Cash-in Benefit may be paid to You.

“Benefit Payment Date” is the date on which We pay the Death Benefit as described in Part 6, Condition 4.

“Bond” means Your International Prudence Bond. This term is used interchangeably with the term “Policy”.

“Bond Anniversary” means the anniversary of the Investment Date shown in the Contract Schedule or Related Documents.

“Bond Documents” means the documents described in Condition 3.

“Bond Year” means the twelve (12) month period starting on the Investment Date (for the first Bond Year) and any twelve (12) month period starting on the Bond Anniversary.

“Bondholder” means the person or persons at any time who own the Bond.

“Cash-in Benefits” means the Benefit payments made available from the Bond by making a Withdrawal.

“Cash-in Benefit Currency” means the currency described in Part 5, Condition 6.

“Commencement Date” shown in the Contract Schedule will be the same as the Investment Date unless We are asked to show a different Commencement Date.

“Company” means Prudential International Assurance plc. “We” means the Company (and “Our” and “Us” should be read as referring to the Company).

“Contract Conditions Booklet” means this document.

“Contract Schedule” means the document described in Condition 3.

“Current Charges and Limits” see Part 7, Condition 1.

“Daily Smoothing Limit” means a specified limit, expressed as a percentage of the unit price, that PAC may choose to vary from time to time and that may differ across the PruFund Range of Funds. For further information please see Part 4, Condition 2.3.3.2 and Our guide on how the PruFund Range of Funds are managed at www.pru.co.uk/pdf/IPBB10049.pdf

“Date of Receipt” means the date described in Part 3, Condition 2, Part 4, Conditions 2.2.1 and 2.6.2, and Part 5, Conditions 3.3 and 4.2.

“Death Benefit” means the Benefit which is payable when the Person Covered by the Bond dies. Where more than one person is covered by the Bond, see Part 6 as to when the Death Benefit is payable.

“Death Benefit Currency” is the currency described in Part 6, Condition 5.

“Defined Charge Participating Sub-Fund” means the PAC Fund into which Units in the PruFund Range of Funds are invested. See Part 4, Condition 2.

“Early Cash-in Charge” means the charge described in Part 5, Condition 5.

“Effective Date of Cover” means the date that We receive all that We require at Our Administration Centre in Ireland to put the Bond into force.

“Endorsement” means a document issued by Us after the Bond has started, as described in Condition 3.

“Establishment Charge” means the charge described in Part 7, Condition 3.

“Expected Growth Rate” means the annual rate of increase applied on a daily basis to increase the Unit Prices of the Funds and corresponding Accounts of the PruFund Range of Funds. The Expected Growth Rate is set by the Directors of PAC and may vary between Funds.

“Fully Cashing-in” or **“Full Cash-in”** means the full cashing-in of the Bond. See Part 5, Condition 4.

“Funds” mean the full range of available Funds that are available to the Bond.

“Gap After Adjustment” means the specified gap, expressed as a percentage of the Net Asset Value Per Unit, between the Unit Price and the Net Asset Value Per Unit immediately after the Unit Price has been adjusted as a result of the Daily Smoothing Limit being met or exceeded as set out in Part 4, Condition 2.3.3.2. PAC may choose to vary this percentage from time to time and it may differ across the PruFund Range of Funds.

For further information please see Our guide on how the PruFund Range of Funds are managed at www.pru.co.uk/pdf/IPBB10049.pdf

“Guarantee Date” means the date on which the PruFund Guarantee will apply. The anniversary on which the PruFund Guarantee falls will be as selected by the Applicant(s) at outset or as determined by the PruFund Type and/or currency of PruFund Protected Fund chosen by the Applicant(s) at outset, as appropriate.

The date of the selected anniversary, the Guarantee Date, will be determined from the Investment Date into the PruFund Account corresponding to the chosen PruFund Protected Fund. Where applicable, the Guarantee Date is shown in the Contract Schedule.

“Guarantee Date Options” means the options You can exercise in the twenty eight (28) days following the Guarantee Date if You are invested in a PruFund Protected Fund on the Guarantee date. Refer to Part 4, Condition 2.6.2.

“Guaranteed Minimum Fund” means the value of the Units as calculated in accordance with Part 4, Condition 2.5.

“Initial Investment” or **“Premium”** means the payment You make to Us to start Your Bond. The terms Initial Investment and Premium are used interchangeably.

“Initial Investment Units” means the Units purchased with the Initial Investment, as described in Part 3, Condition 1.

“International Prudence Bond” means the Bond described in Condition 1.

“Investment” means the sum We credit to the Bond.

“Investment Date” shown in the Contract Schedule is the date the Initial Investment is credited to the Bond.

“Limit Currency” means the currency denomination chosen by You on Your application form which We will use for charges, minimum and maximum Investment limits and Allocation Rates. The Limit Currency is shown on Your Contract Schedule.

“Net Asset Value Per Unit” means the Actual Fund Value divided by the total number of Units credited to a Fund (in respect of all policies issued by the Company, not just Your own Bond).

“One-Off Withdrawal” means a single Withdrawal out of the Bond, as explained in Part 5, Condition 3.

“PAC” means The Prudential Assurance Company Limited. The company that provides the PruFund Range of Funds to the Company by a reinsurance contract for customers of the Company to invest into. PAC also provides the guarantee for the PruFund Guarantee.

“Partial Cash-in Withdrawal” or **“Partial Withdrawal”** means a One-Off Withdrawal.

“Partially Cashing-in” or **“Partially Cash-in”** means the partial cashing-in of the Bond.

“Person Covered by the Bond” means an individual aged between fourteen (14) and eighty-nine (89) years on whose death the Death Benefit will become payable if the Bond has not been Fully Cashed-in before then.

“Policy” means Your International Prudence Bond. This term is used interchangeably with the term “Bond”.

“PruFund Guarantee” means the guarantee provided by PAC that the value of the Units held in a PruFund Protected Fund on the Guarantee Date, will be a sum at least equal to the Guaranteed Minimum Fund on the Guarantee Date.

“PruFund Guarantee Charge” means the charge as described in Part 7, Condition 5.

“PruFund Non-Protected Funds” means those Funds within the PruFund Range of Funds that do not have a PruFund Guarantee attaching.

“PruFund Protected Funds” means those Funds within the PruFund Range of Funds that have a PruFund Guarantee attaching at the Guarantee Date described in Part 4, Condition 2.4. Where a Fund within the PruFund Range of Funds is available with a PruFund Guarantee, it will have the same PruFund Type as the corresponding PruFund Non-Protected Fund of the same currency.

“PruFund Quarter Dates” means the 25 February, 25 May, 25 August and 25 November or the next Working Day if the date falls on a non-Working Day. Where a Working Day is a public holiday in the United Kingdom, then for the purposes of the PruFund Quarter Dates only, this day will not be considered a Working Day.

“PruFund Range of Funds” means the PruFund Non-Protected Fund(s) and the PruFund Protected Fund(s) which may be available in currencies including Sterling. These are Unit-Linked Funds that are invested in the Defined Charge Participating Sub-Fund as described in Part 4, Condition 2.

“PruFund Type” means the different PruFund Types available within the PruFund Range of Funds such as “Cautious”, “Growth” or others as may be available.

“Quarterly Smoothing Limit” means a specified limit, expressed as a percentage of the unit price, that PAC may choose to vary from time to time and that may differ across the PruFund Range of Funds. For further information please see Part 4, Condition 2.3.3.1 and Our guide on how the PruFund Range of Funds are managed at www.pru.co.uk/pdf/IPBB10049.pdf

“Regular Withdrawals” means a series of Withdrawals out of the Bond at regular intervals.

“Related Document” means any document shown in the section headed “Related Documents” in the Contract Schedule and any Endorsement or Special Provision or other document We issue about the Bond.

“Statement of Charges” means the statement described in Condition 3.

“Unit Price” means the price at which a Unit is credited to or cancelled from Your Bond. The Unit Price will be calculated on a forward pricing basis, which means that the Unit Price applied on any given day reflects all transactions and adjustments on that given day, including, where relevant, any Unit Price Adjustment, regardless of the precise time of day at which those transactions and adjustments occur.

“Unit Price Reset” is an adjustment that can be made to the Unit Price of a Fund within the PruFund Range of Funds as described in Part 4, Condition 2.3.4.

“Unit-Linked Funds” mean the Funds We maintain within Our life assurance business Fund. These Funds are divided into Units representing a notional share of the Fund.

“Units” means the notional parts of equal value into which each Fund or Account is separately divided. These notional parts are called Units. Units are allocated to the Bond to represent Your Investment in a Fund. You do not own these Units; they are used to calculate the Benefits You are entitled to under Your Bond.

“Withdrawal” or **“Withdrawals”** means Benefit payments made available from the policies by either (a) “Partially Cashing-in” the Bond, or (b) “Fully Cashing-in” the Bond.

“Working Day” means any normal business day that the Company would be ordinarily open for business which will exclude public holidays in Ireland. Public holidays in Ireland may fall on different days to those in Spain and elsewhere.

“You” means the Bondholder and **“Your”** should be read as referring to the Bondholder.

“Your Payment” means a payment which the Applicant or Bondholder makes to Us regarding the Bond.

5. Assumption of Legal Validity

We shall assume that any documents which You provide to Us in connection with Your Bond fully comply with all Spanish legal formalities.

Part 2: General conditions

1. Entitlement – ownership – the Bondholder

1.1 Joint ownership – death of a holder

Where the Bond belongs to two or more Bondholders, We act on the basis that, if one of them dies, the Bond then belongs to the surviving Bondholder(s).

Where the Bond is co-owned by two or more Bondholders who are also the Persons Covered by the Bond, the Bondholders may not nominate a Beneficiary where they elect for the Bond to end on the death of the first Person Covered by the Bond. This restriction is necessary to protect the interests of the surviving Bondholder(s) in and to the Bond.

1.2 Asking for Benefit Payments and Bond Transactions

The Bondholder(s) will have the right to ask for and authorise:

- Benefit payments from the Bond, or
- transactions regarding the Bond.

2. Change of ownership

Any change of ownership should be made by a deed of assignment. You may need to obtain this from Your legal adviser or Financial Adviser. The deed of assignment must be fully completed and signed by the current Bondholder(s) and the new Bondholder(s). The completed deed of assignment should be provided to Us at Our Administration Centre in Ireland. We will return the deed once We have registered the change of ownership in Our records. If We only receive notice of assignment (instead of the actual deed of assignment) We still have the right to see the deed of assignment before We:

- pay any Benefit, or
- formally register the current change of ownership or any further change of ownership.

The change of ownership shall imply the revocation of the Beneficiaries nominated by You.

Please note that You may not assign your Bond if You have made an irrevocable Beneficiary Nomination.

3. Proof of ownership

We have the right to delay payment of a Benefit until the date that We receive proof of ownership. Where We are paying Regular Withdrawals We can ask for proof of ownership from time to time. This is to make sure that the person receiving the Regular Withdrawals is legally entitled to receive them. We have the right to suspend Regular Withdrawals until We receive proof of ownership.

4. Beneficiary Nomination

You may notify Us in writing of the appointment of one or more Beneficiaries at any time prior to the Bond ending. The Beneficiary Nomination will be stated in the Contract Schedule.

Unless You have made an irrevocable Beneficiary Nomination, You may cancel Your Beneficiary Nomination or change the identity of one or all of the Beneficiaries at any time by a written notification sent to Us or through a will which shall also be duly notified to Us in writing. Regardless of which manner You choose to nominate a Beneficiary, We will duly comply with our legal obligations if we pay the Death Benefit to the person that appears as Beneficiary in the Contract Schedule or in the most recent nomination We receive in writing to Our Administration Centre. Payment by Us to the Beneficiaries discharges our obligations under the Bond in full.

Where the Bond is co-owned by two or more Bondholders who are also the Persons Covered by the Bond, the Bondholders may not nominate a Beneficiary where they elect for the Bond to end on the death of the first Person Covered by the Bond (see Condition 1.1).

The Beneficiary has no rights in or to the Bond prior to the Bond ending.

5. Proof of age or death

Before We pay the Death Benefit, We will require satisfactory proof of death and age for the Person Covered by the Bond (each Person Covered by the Bond if two or more persons are covered).

If an individual's age has been misstated, We can change the Benefits to bring them into line with the Benefits payable to someone of the individual's actual age.

6. Death Benefit – Proof of payment of Spanish Gift and Inheritance Tax

Before We pay the Death Benefit pursuant to a Beneficiary Nomination, We require documentary evidence in a form satisfactory to Us from each and every Beneficiary who is tax resident in Spain when the Bond ends demonstrating that any and all liability to Spanish Gift and Inheritance Tax has been duly paid in full, or written proof of their tax exemption if applicable.

7. Death or Cashing-in – Contract Schedule required

Before We pay a Death Benefit or on Fully Cashing-in the Bond, the Contract Schedule (and the Endorsements to the Contract Schedule, if any) must be returned to Us at Our Administration Centre in Ireland. We also reserve the right to request the return of the Contract Schedule (and the Endorsements to the Contract Schedule, if any) in the event of a Partial Cashing-in.

8. Delaying of transactions

8.1 Purchase transactions

Where We consider the Investment to be large relative to the size of the Fund, We may delay processing applications by up to one (1) month following the day of receipt of the Investment and any forms We require. This will be to ensure that the price used properly reflects the costs of purchasing the underlying assets in the Fund.

We will inform You in writing if it is necessary to delay the processing of Your application. We will also confirm to You in writing when the processing of Your application has been completed.

8.2 Cashing-in transactions

We may give You notice that We will delay cancelling Units:

- where there has been a closure or suspension of trading in the underlying investments of a Fund, or
- a Fund has been subject to such volumes of exits that, in the opinion of the Actuary, it is not practical to value and realise assets at the date of exit, or
- if it has not been possible to deal readily in underlying investments of a Fund for reasons outside the Company's control. It is impossible to specify all the circumstances where this may apply, but one could be where the markets for the sale of the Funds' assets are subject to conditions (such as the imposition of exchange controls) such that the assets cannot be readily traded at prices which allow Us to ensure that the reasonable interests of both You and of other Bondholders are protected, or
- if Your instruction would involve cancelling Units of any Fund that either:
 - (a) holds Assets in the form of buildings or land; or
 - (b) holds investments that holds Assets in the form of buildings or land.

This does not apply to the payment of the Death Benefit but overrides all other Contract Conditions apart from Condition 10 – Power of Amendment.

In any event, We will always aim to act in a reasonable manner, with the protection of the Bondholder's interests in mind. The period of any delay is initially up to six (6) months or such longer period as We determine is appropriate in the light of all circumstances including the period of any suspension of a market or the lack of liquidity in relation to any particular investment. Where it has been necessary to delay cancelling Units We will inform You in writing of the delay and again when the Unit cancellation has been completed.

Where a delay has been imposed, the Unit Prices used for the transactions will be those applicable on the date that the Units are cancelled. This means that the value of the Units may be different from the value on the Date of Receipt of Your instruction.

Please refer to the "Other Charges and Limits" section in the Statement of Charges for details of associated charges levied on Cashing-in transactions.

8.3 Transactions in the PruFund Range of Funds

In addition to Condition 8.2, We reserve the right to apply a twenty eight (28) day delay to Full Cash-in transactions and One-Off Withdrawals from any Fund within the PruFund Range of Funds.

The purpose of the twenty eight (28) day delay is to protect the PAC Long Term Fund and the Bondholders who invest in this Fund directly or indirectly from transactions that may be considered to have an adverse effect on the Fund or the investments of the current and future Bondholders in that Fund. It is also in place to protect other investors in the Defined Charge Participating Sub-Fund from Withdrawals that would have an adverse impact on their investment returns.

Where a twenty eight (28) day delay has been applied, the twenty eight (28) days are consecutive calendar days.

The Unit Prices used for the transactions will be those applicable on the date that the Units are cashed-in, this means after twenty eight (28) days

have lapsed or the next Working Day if this day is not a Working Day. For example, if We receive Your instruction on or before 12 noon on a Wednesday, it will be processed using the Unit Price of the Wednesday twenty eight (28) days later.

This also means that the value of the Units on the day that the Units are cashed-in may be different from what it was on the Date of Receipt of Your instruction. If this is the case there would also be a difference in the Unit value.

The decision to apply the delay will be taken by the Directors of PAC who, at their absolute discretion, reserve the right to apply the delay at any time and without notice. Where the Directors of PAC exercise the right to apply the twenty eight (28) day delay to any Full Cash-in transaction or One-Off Withdrawal, the delay may be applied at an individual Bond level, across a group of Bonds or applied to all Bonds at the Directors' discretion.

Where the twenty eight (28) day delay has been applied, We will inform You in writing of the delay and again at each stage including when the Unit cancellation has been completed.

9. Currency conversion

Any currency conversion will be at the prevailing market rate at the time. Market rate means the currency exchange rates We use each day and are "mid market rates as at 8am (GMT)".

10. Power of amendment

10.1 Our right to set aside or change rules

We can set aside or change rules in this Contract Conditions Booklet in the following circumstances:

- If it becomes impossible or unreasonable to follow them because of a change in legislation or regulations.
- If we were not to set aside or change the rules, the result would be unfair to the Bondholder or to Our Bondholders generally.

- If the basis of taxing Us changes and then We can only make changes to the Bond to the extent that the Actuary considers necessary to protect the interests of the Bondholders.

When We do set aside or change rules in this Contract Conditions Booklet, We will write to You as soon as is reasonably practicable to provide notice of the change.

10.2 Tax or financial restrictions

We will make changes or impose restrictions We consider appropriate if:

- We are required to pay a valid claim for tax regarding the Bond and/or the Funds that the Bond is linked to, provided that such payment does not arise as a result of the Company's failure to comply with any applicable tax law or regulation.
- a levy or financial restriction or penalty is imposed on the Company or on the Bond and/or the Funds that the Bond is linked to, by a tax authority, government or supervisory body or other similar national or international body.

11. Irish residency regulations – compliance provisions residence in Ireland

A tax charge may arise under Irish tax regulations if a Bondholder is resident or ordinarily resident in Ireland when a chargeable event transaction, as defined under the Irish Taxes Consolidation Act 1997 as amended from time to time, occurs.

11.1 Declaration of residence

We will require a written declaration about the residence of any person, who is a Bondholder when a chargeable event transaction occurs, unless:

(a) such a declaration has already been given with the original application for the Bond, (b) such a declaration has already been given on an earlier chargeable event transaction under the Bond.

11.2 Notification of residence in Ireland

Any person who is or becomes a Bondholder in relation to the Bond must tell Us if he becomes resident or ordinarily resident in Ireland at any time while the Bond is in force.

11.3 Deducting tax

We are required to deduct tax and pay it to the Irish Revenue Commissioners when a chargeable event transaction occurs under Irish tax legislation and the Bondholder is resident or ordinarily resident in Ireland. A tax deduction is made as follows:

- (a) If it is a transaction where We are paying out a Benefit, We deduct the tax due from the value of the Benefit We pay.
- (b) If it is a transaction where a Benefit is not being paid out, We deduct the tax due from the value of the Bond. In broad terms, the tax due when a chargeable event occurs is based on any gain in the value of the Bond.

11.4 Future changes

This Condition may change without notice to meet any changes to Irish tax regulations. Where We do change this Condition We will write to You as soon as is reasonably practicable to provide notice of the change.

12. Law of the Bond – Spain

The laws of the Kingdom of Spain will govern the Bond and the rules in this Contract Conditions Booklet will be interpreted in accordance with the laws of the Kingdom of Spain, unless otherwise stated. The Courts of the Kingdom of Spain will have exclusive jurisdiction to hear any disputes which result from or are about the terms and conditions of the Bond.

13. How We use Your personal information

In the Application Form for Your Bond We set out, within the Privacy Fair Collection Notice:

- Details regarding how and why We use Your personal information (including sensitive personal information); and
- Who We may share it with; and
- Your rights around personal information.

For a copy of Our latest Privacy Fair Collection Notice, please visit www.mandg.com/pru/prudential-international-hub/en-gb/privacy-fair-collection-notice

To access the above website, all characters must be typed in lowercase format.

If You require further information You can:

Write to the Data Protection Officer at:

Prudential International
PO Box 13395
Chelmsford
CM99 2GH

Call Us on: +353 1 476 5000

14. Place of payment – Ireland

The place to make any payment into the Bond will be Our Administration Centre in Ireland. Your Payment will not be regarded as having been received until a valid payment is in Our possession at Our Administration Centre in Ireland. Our Administration Centre is governed by GMT time. All reference to time in this Contract Conditions shall be considered as referred to GMT timing. We will pay any Benefit payment from Our Administration Centre in Ireland.

15. Transaction limits

Certain limits apply to the cancellation and credit of Units where You give Us instructions of the following type:

- Fully Cashing-in
- Regular or One-Off Withdrawals.

These limits mean that We may not accept any instruction by You under any of these provisions if, were We to do so, the value of the Units which:(a) would be cancelled from or credited to any Fund; or (b) would then remain in any Fund; would be outside the limits which We have set. We can make reasonable changes to them from time to time without notice. The limits are set out in the Statement of Charges issued to You at the start of Your Bond. Those limits that are applied as a monetary amount are usually reviewed in January each year and may be increased as a result of that review.

16. Communications

The place to send any written enquiry, correspondence and/or information that is required to be submitted to Us under or in accordance with these Contract Conditions is to Our Administration Centre in Ireland.

You may telephone Our Administration Centre in Ireland on the number detailed in Your Bond Documentation for assistance with Your enquiry.

Forms for requesting servicing transactions, for example, Regular Withdrawals, Fully and Partially Cashing-in or Additional Investments and others are available from Our Administration Centre in Ireland upon request.

17. Spanish Tax

17.1 Spanish tax legislation

In order to comply with Spanish tax legislation, We will make the applicable withholdings in certain circumstances from payments to Bondholders in order to comply with Spanish income tax requirements on gains made by the Bond where a Bondholder takes a Regular Withdrawal, Partial Cash-In or Full Cash-In. For further information, see “Taxation Information for Spanish Policyholders”.

17.2 Fiscal representative

We have appointed a fiscal representative in Spain to ensure that any taxes or other applicable levies which may arise from payments to a Bondholder are paid and reported to the Spanish tax authorities. By signing this Bond You authorise Us to provide the fiscal representative with the necessary information about You and about Your Bond as it may be necessary to comply with tax obligations derived from the Bond.

17.3 Tax Certificate

We shall provide You with a tax certificate detailing withholdings made by Us for Spanish income tax purposes on an annual basis where applicable.

17.4 Change of Country of Residence

You are obliged to notify Us in writing immediately in the event that Spain is no longer Your country of habitual and tax residence and informing us of Your new country of habitual and tax residence. We require this information so that We can comply with Our obligations under Spanish law and Irish Regulation.

17.5 Tax Status

If You inform Us that You are subject to the Non-Resident Income Tax regime in Spain, You are obliged to provide us with relevant documentary evidence from the Spanish tax authorities confirming this entitlement. You shall notify Us in writing immediately in the event that the Non-Resident Income Tax regime ceases to apply to You.

18. Cancellation Rights

18.1 Initial Investment

You may elect to cancel Your Bond within thirty (30) days of Your receipt of Our standard cancellation form.

You must notify Us of Your decision to cancel in writing to Our Administration Centre in Ireland. We will value and cancel Your Bond on the day following Our receipt of Your fully completed cancellation form.

You may not get back all money if You decide to cancel Your Bond. The amount You will get back will be the value of Your Initial Investment less any expenses borne by Us in issuing the Bond. We may adjust this amount to reflect any change in the value of the underlying investment between the Commencement Date and the date We receive Your fully completed cancellation form.

18.2 Additional Investment

You may elect to cancel an Additional Investment within thirty (30) days of Your receipt of Our standard cancellation form subject to the same rights and obligations set out above in Part 2 Condition 18.1.

19. Complaints Handling

You have the right to make a complaint concerning the Bond. For that purpose, You may write to Us at our Administration Centre. If You are not satisfied with the response provided, You may write to the Financial Services & Pensions Ombudsman at the following address:

Financial Services & Pensions Ombudsman
Lincoln House,
Lincoln Place,
Dublin 2,
D02 VH29

Telephone +353 1 567 7000

Website address: www.fspo.ie

You may also write to the Complaints department of the Dirección General de Seguros y Fondos de Pensiones, Servicio de Reclamaciones, Paseo de la Castellana 44, 28046 Madrid, Spain.

Making a complaint before Us, before the Financial Services & Pensions Ombudsman or before the Complaints department of the DGSFP will not prejudice Your right to take judicial proceedings.

Part 3: Your Payments

(Your Investments You pay into Your Bond)

1. The Investments

The amount You invest in any Fund must be no less than the minimum limit but no more than the maximum amounts We have set at that time, as set out in Appendix 1 hereto as amended from time to time.

1.1 The Initial Investment

The Contract Schedule shows the Initial Investment for the Bond.

1.2 Additional Investments

We issue an Endorsement for any Additional Investment paid into the Bond confirming the amount and the date it is credited to the Bond (in other words the "Investment Date" of the Additional Investment).

We have the right to refuse an Additional Investment into the Bond. Additional Investments in respect of a PruFund Protected Fund will not be accepted in to this contract. If a PruFund Protected Fund is selected for an Additional Investment, a new Bond must be applied for.

2. Date of Receipt

If the money for the Investment is received into Our bank account in the appropriate Investment currency on or before 12 noon on a Working Day, that day will be the "Date of Receipt". If the money is received after 12 noon on a Working Day or is received on a non-Working Day then the Date of Receipt will be deemed to be the next Working Day.

We allocate Units in respect of the Initial Investment as soon as the Bond starts. We allocate Units in respect of an Additional Investment as soon as all Our requirements are met and the Additional Investment money is accepted.

3. Allocating Units for Investments into the Bond

3.1 Allocation Rate for the Initial Investment

The Contract Schedule shows the percentage of the Investment (the "Allocation Rate") We will apply in allocating Units in the chosen Funds to the Bond.

3.2 Allocation Rate for Additional Investments

An Endorsement shows the Allocation Rate We will apply for an Additional Investment in allocating Units in the Funds in an identical ratio as Your Initial Investment in the Bond. If You have selected a PruFund Protected Fund as part of Your Initial Investment, We will ignore this investment for the purposes of calculating the investment allocation for any Additional Investments.

3.3 Allocation of Units

We work out the number of Units We initially allocate to the Bond for an Investment, by:

- applying the Allocation Rate to that Investment, as shown on the Contract Schedule or Endorsement, and
- dividing by the price of Units on the Date of Receipt for that Investment.

3.4 Allocation of Units in the PruFund Range of Funds

Where an Investment is to be made in any Fund from the PruFund Range of Funds, Units will initially be purchased in the corresponding PruFund Account using the Unit Price of that PruFund Account. Units will then be automatically purchased in the chosen Fund on the next PruFund Quarter Date using the Unit Price of the appropriate PruFund Account and Fund on that day.

Please also refer to Part 4, Condition 2.3 of this Contract Conditions Booklet for further details of Unit pricing.

3.5 Fund choice

You can choose Funds for Your Initial Investment, from Our range of funds which are described in more detail in the brochure entitled "Introduction to Prudential International & IPB". We will allocate any Additional Investment into the Bond in an identical ratio as the Initial Investment into the Bond. If You have selected a PruFund Protected Fund as part of Your Initial Investment, We will ignore this investment for the purposes of calculating the investment allocation for any Additional Investments.

Where the PruFund Range of Funds gives You a choice of different currency Funds, You may invest in only one currency version of PruFund Non-Protected Fund of each PruFund Type and/or only one PruFund Protected Fund at any time. These Funds are subject to any overall investment limit that applies to the PruFund Range of Funds.

We also have the right to refuse the choice of a Fund if, by making such a choice Your Bond would be invested in more than one currency version of each of Our

(a) PruFund Protected Funds, or

(b) PruFund Non-Protected Funds of the same PruFund Type.

The Bond will be linked to the same chosen Funds. Please refer to the Statement of Charges for a list of the investment Funds available to You at the time of Your Initial Investment which may be amended by Us from time to time.

4. Investment currency

Each Investment paid into the Bond will be denominated in Euro unless the Bond Documents show another Investment currency. Normally all money for an Investment paid into the Bond should be in the same Investment currency unless We agree to accept payment in another currency.

5. Guarantee currency

If you have selected a PruFund Guaranteed Fund, the Guaranteed Minimum Fund will be displayed in the currency of the relevant PruFund Protected Fund that Units are held in.

Part 4: Funds

We will work out the Benefits payable from Your Bond by allocating to it Units in each Fund You have chosen from among the Funds available. Please refer to the Statement of Charges for a list of available investment Funds which may be amended by Us from time to time.

We will send an Annual Unit Statement to You after each anniversary of the Commencement of Your Bond to show the current value of Your Bond.

In addition to Our charges, there may be further costs incurred, which can vary over time. Where these are applicable, they are paid for by the relevant Fund and will impact on its overall performance. For more information on these further costs, please look at the current Fund Guide for this product. We show the expected level of further costs applicable to each Fund at the start of Your Bond in the Statement of Charges but these costs may vary over time. The current range of expected further costs will be as published by Us at the time and are available upon request from Our Administration Centre in Ireland.

A Fund guide titled "Fund Guide – International Prudence Bond (Spain)" is available on request from Our Administration Centre in Ireland. The ways in which these Funds are operated are stated below.

1. Unit-linked Funds

1.1 Fund details

We maintain a number of Unit-Linked Funds, to calculate the value of Benefits under the Bond which We issue. Each Fund is represented by a separate account within the long term Fund of the Company. We can introduce further Funds or subdivide, close or merge existing Funds.

If We close a Fund in which You have invested We will give You at least one month's advance notice of Your options.

The assets of the Funds will be invested in line with the objectives of each Fund.

Investments may be held directly, or by means of reinsurance contracts or collective investment schemes such as Unit Trusts or Investment

Trusts or "Sociétés d'Investissement à Capital Variable" (SICAV's), or otherwise in line with the Fund's objectives.

Units in any Fund may be consolidated or subdivided by the Company at any time; however, if We consolidate or subdivide, the effect on the value of the Bond will be neutral. Within a Fund, or any subdivision of a Fund, Units of any particular type will each be of equal value.

We will create Units in any Fund only if assets equivalent to those Units are added to that Fund at the same time. Except when making the deductions shown in 1.4 or 1.5 below or when reinvesting, We will remove assets from any Fund only if Units equivalent to those assets are cancelled at the same time.

Where We refer to the Funds and to the Units, this is for the purpose of calculating the Benefits available under the Bond. At all times, We own the assets in the Funds; neither the Bondholder nor any other person entitled to Benefit under the Bond has any legal or beneficial right or interest in the Units or Funds or the underlying investments.

1.2 Valuation

The assets relating to the Funds will normally be valued at least once a week, to establish the price We will quote in the currency in which the Fund is valued (the "Base Fund Currency"). Assets and all loans charged against the Fund, will be valued with appropriate allowance for uninvested cash, accrued investment income and accrued charges.

We calculate the maximum and minimum value of each Unit-Linked Fund other than the PruFund Range of Funds. The maximum value We place on assets is the lowest available market price for which they could be bought. The minimum value is the highest available market price for which they could be sold. We then reduce the maximum or minimum values by allowing for charges on investment or realisation.

Where assets can be valued by reference to a recognised quotation that We consider appropriate, the prices We use are the quoted prices. For other assets, We use valuations certified by Valuers which We appoint. These valuations are adjusted, in consultation with the Valuers, to take into account changes in prices between the valuations.

We decide the value of each Unit-Linked Fund (other than the PruFund Range of Funds) by choosing a figure between its maximum and minimum values. The main factor We consider is whether more Units are being credited to the Fund than cancelled from it. If so, the purchase price of assets will be more relevant than the sale price, as We will be buying more assets than We are selling. But if more Units are being cancelled than credited, the sale price of assets will be more relevant than the purchase price.

PAC is responsible for the valuation of all assets in its With-Profits Sub-Funds including the Defined Charge Participating Sub-Fund.

Separate asset pools exist within the PAC Defined Charge Participating Sub-Fund to back Sterling, Euro and US Dollar denominated policies. The performance of these asset pools over time and the levels of smoothing PAC decides to apply are reflected in unit price adjustments, Expected Growth Rates declared by PAC from time to time.

1.3 Unit Prices

The price of each Fund Unit will be calculated by dividing the value of the Fund (see 1.2 above) by the number of Fund Units in existence at each Valuation Date. Please see Condition 2.3 for the pricing of the PruFund Range of Funds.

For any transaction under Your Bond, We will work out the “value of Units” using the price of Units allocated to Your Bond on the date shown in Your Contract Conditions Booklet as being appropriate to that transaction.

For specific information on the PruFund Range of Funds, see Condition 3.

1.4 Annual Management Charges

We will deduct a variable Annual Management Charge in respect of each Fund. This charge will be levied at each valuation date, at the appropriate rate for that Fund, based on the value of the Fund at that valuation date. It will be deducted from Fund assets before the Unit Price is calculated. The rules are different for the PruFund Range of Funds. Please see Part 7, Condition 2 for further details.

Details of the Annual Management Charge applicable to each Fund can be found in the Statement of Charges which may be amended by Us from time to time. A Fund guide titled “Fund Guide – International Prudence Bond (Spain)” is available on request from Our Administration Centre in Ireland.

The Annual Management Charges will be levied at the rate that is published by Us as at the applicable valuation date. We may introduce new Funds from time to time, to which the Bond may be linked in the future. Details of Annual Management Charges of such Funds will be available from Us as and when they are introduced.

1.5 Investment

We will invest each Fund in the types of asset which We have set out in the published descriptions of that Fund. We may use assets of a Fund as security when We borrow for that Fund. We will credit all income from the assets of a Fund to that Fund. We will make deductions from a Fund in accordance with the provisions above and as decided by the Actuary regarding the following:

- (1) Expenses, taxes, duties and other charges incurred in acquiring, managing, maintaining, valuing and disposing of assets.
- (2) Interest on monies borrowed on account of the Fund, including interest due on monies borrowed from any other Fund.
- (3) A proportion of any tax, levy or other charge on the Company, such as a levy under any

legislation introduced for the purposes of raising levies for Funds to be held for the protection of the interests of Bondholders.

- (4) Any expenses, taxes, duties and other charges incurred in connection with the Funds and not previously taken into account.

2. Special conditions applicable to the PruFund Range of Funds

A Fund guide titled “Your guide to investing in the PruFund Range of Funds” is available upon request from Our Administration Centre in Ireland.

2.1 The Funds and Accounts

You can invest in any available Fund from the PruFund Range of Funds. However,

- You may not invest in more than one currency version of a PruFund Non-Protected Fund of the same PruFund Type at the same time, and
- You may not invest in more than one currency version of a PruFund Protected Fund at the same time.

Each PruFund Fund has a corresponding Account, being an investment Fund whose investment return is fixed at the Expected Growth Rate.

When You make an Investment We create Units in the Account(s) corresponding to the Fund(s) which You select, equal in aggregate value to the amount which Your personal Illustration states will be used to credit Units.

After crediting Units to an Account, and at any time before the next PruFund Quarter Date, the Units in the Accounts may be cancelled to pay for charges or Regular and One-Off Withdrawals as appropriate. On the next PruFund Quarter Date, the Units remaining in the Accounts are cancelled and the amount realised is used to credit Units in

the corresponding Fund(s). Please refer to Part 7 of these Contract Conditions for information on the application of charges and to the Statement of Charges for the rate at which they are applied.

A Fund and its corresponding Account will each have an independent Unit Price but they will operate accordant with each other using the same Expected Growth Rate.

If We close any of the Funds in the PruFund Range of Funds and the corresponding Accounts, Condition 1.1 will apply.

Units in the Funds and the corresponding Accounts are invested by way of a reinsurance contract into the Defined Charge Participating Sub-Fund of PAC Long Term Fund. PAC will determine the level and has full responsibility for all Benefits provided through these Fund links. Benefits are provided through these links to each Bondholder as described below. We will pass on to each Bondholder the entire Benefit provided to Us by PAC on behalf of each Bondholder. We will not use any of Our other assets to meet the Benefits provided through this Fund link.

All the assets of the Funds and Accounts are owned by PAC in its own right and not as trustee for its Bondholders. We will need to amend the Funds if PAC changes the underlying structure of the Funds. We can withdraw, amalgamate, close or rename any of Our Funds or Accounts at any time. We will give You reasonable notice of this if it affects You.

The assets of the Funds and Accounts are not separately identifiable from the other assets of the Defined Charge Participating Sub-Fund. Units in the Funds and the Accounts participate in the profits of the Defined Charge Participating Sub-Fund of the PAC Long Term Fund.

2.2 Credit and cancellation of Units

2.2.1 Credit of Units to a PruFund Account

Units will be credited to a PruFund Account at the Unit Price applicable to that Account on the day of credit. We will credit Units on the Date of Receipt of the correctly completed Investment application or switch request forms at Our Administration Centre in Ireland, the value of the Units being calculated by reference to the Unit Price applicable on the Date of Receipt. If We receive the correctly completed Investment application or switch request forms at Our Administration Centre in Ireland on or before 12 noon on a Working Day, that day will be the Date of Receipt. If We receive the correctly completed Investment application or switch request forms after 12 noon on a Working Day or they are received on a non-Working Day then the Date of Receipt will be deemed to be the next Working Day.

Because the Unit Price used in calculating the value of the Units is that applicable on the Date of Receipt of the correctly completed Investment application or switch request forms, the Unit value will not be known before the Date of Receipt is determined and the Unit Price for that Date of Receipt is calculated.

2.2.2 Credit of Units to Funds within the PruFund Range of Funds

Units will be credited to the Fund(s) You select within the PruFund Range of Funds automatically on the PruFund Quarter Date using the amount realised from the cancellation of the Units held in the corresponding PruFund Account(s) to purchase Units in the Fund(s) selected within the PruFund Range of Funds at the Unit Price(s) on the same PruFund Quarter Date. See Condition 2.6 for PruFund Guarantee Date Options.

2.2.3 Cancellation of Units

Units are cancelled at their Unit Price applicable on the day of cancellation. However, the day on which We cancel Units depends on why the Units are being cancelled.

Where Units of the same Fund are held in two or more Investments within a Bond, We will cancel Units in proportion to the Units relating to each Investment which may create an Early Cash-in Charge on an Investment that is less than five years old.

- (a) Cancellations in respect of Full Cash-in transactions or One-Off Withdrawals.

The Directors of PAC at their absolute discretion reserve the right to apply the twenty eight (28) day delay period to Full Cash-in or One-Off Withdrawal requests.

Please refer to Condition 8.3 of these Contract Conditions. We will advise You if the twenty eight (28) day delay is to apply to Your Full Cash-in or One-Off Withdrawal request.

Where the twenty eight (28) day delay is applied to Your Full Cash-in or One-Off Withdrawal, the Unit Price on the day that the Units are cancelled may be higher or lower than the date that We received Your instruction and may mean a difference in the Unit value.

- (b) Cancellations in respect of Regular Withdrawals: We cancel Units using the Unit Price applicable to the regular cancellation date or, if this is not a Working Day, to the next Working Day. Regular Withdrawals are not subject to the twenty eight (28) day delay.
- (c) Cancellations in respect of the payment of the Death Benefit: Death claims are not subject to the twenty eight (28) day delay and will override any pending Unit cancellations from the PruFund Range of Funds. See Part 6: Death Benefit for further details.

In all cases under (a) – (c) above, the actual sum received will, in addition, be subject to any other Conditions relevant to the credit and cancellation of Units.

2.2.4 One-Off Withdrawals and Regular Withdrawals

Where two or more Investments have been paid into the Bond, We will cancel Units in proportion to the Units relating to each Investment.

Where the Bond is linked to two or more Funds and/or Accounts, We will deduct Units from all Funds and/or Accounts in proportion to the value of the Units held under the Bond in each Fund and/or Account.

2.3 Unit pricing

2.3.1 General

Where Units are due to be credited or cancelled on a non-Working Day, the Unit Price applicable to the next Working Day will apply.

Where a Fund is offered in a currency other than Sterling, Unit pricing will be determined independently for each currency version.

2.3.2 The Accounts

The Unit Prices for the Sterling Fund was set at 100p per Unit on the date they first became available and 100 cents for US Dollar and Euro currency versions. PAC set the Expected Growth Rate for each Account and the Unit Prices increased in line with that Expected Growth Rate from then until and including the next PruFund Quarter Date.

From the next PruFund Quarter Date, the Unit Price of Units in the Accounts increases in line with the Expected Growth Rate of the corresponding Funds.

If the smoothing process has been suspended (see Part 4, Condition 2.3.5), the Unit Prices within the Accounts will continue to grow at the Expected Growth Rate.

This Expected Growth Rate will continue to be set on each PruFund Quarter Date and will apply to the Accounts during the period of suspension. Refer to Part 4, Condition 2.3.5. Unlike for Funds within the PruFund Range of Funds, the Unit Prices within the Accounts are not subject to any potential Unit Price Reset as described in Part 4, Condition 2.3.4.

2.3.3 The Funds and the smoothing process

The Unit Prices for the Sterling Fund was set at 100p per Unit on the first PruFund Quarter Date that each Fund first became available and 100 cents for US Dollar and Euro currency versions. On that initial PruFund Quarter Date and on each subsequent PruFund Quarter Date, PAC will publish an Expected Growth Rate for each Fund.

Subject to any other adjustment or suspension of the smoothing process in line with these Contract Conditions, the Unit Price within each of these Funds will increase in line with the then current Expected Growth Rate applicable to that Fund on every day from and including the day after the PruFund Quarter Date on which the respective Expected Growth Rate is set until and including the next PruFund Quarter Date.

Details of the Expected Growth Rate for each Fund are available on request from Our Administration Centre in Ireland.

2.3.3.1 Calculation of Unit Price at each PruFund Quarter Date

Unless the smoothing process has been suspended (see Condition 2.3.5), the calculation of the Unit Price for each Fund at each PruFund Quarter Date will be as follows:

- (a) At each PruFund Quarter Date, after application of the existing Expected Growth Rate, PAC compares the Net Asset Value Per Unit of each Fund to the Unit Price of that Fund on that day. If the difference between the Net Asset Value Per Unit and the Unit Price is less than the Quarterly Smoothing Limit, the Unit Price will not change. However, subject to Condition 2.3.3.2:
 - If the Net Asset Value Per Unit is above the Unit Price by the Quarterly Smoothing Limit (or more), the Unit Price will be increased on the PruFund Quarter Date by half the difference. This adjustment will be repeatedly applied until the Net Asset Value Per Unit is above the Unit Price by less than the Quarterly Smoothing Limit.

- If the Net Asset Value Per Unit is below the Unit Price by the Quarterly Smoothing Limit (or more); the Unit Price will be reduced on the PruFund Quarter Date by half the difference. This adjustment will be repeatedly applied until the Net Asset Value Per Unit is below the Unit Price by less than the Quarterly Smoothing Limit.
- (b) The Unit Price on the day after the PruFund Quarter Date will begin to increase in line with the new Expected Growth Rate as described in Condition 2.3.3.
- (c) For the avoidance of doubt, carrying out the calculations under this Provision would not prevent Us from deciding to reset the Unit Price of a Fund within the PruFund Range of Funds under Provision 2.3.4.

An example of how the Unit Prices are calculated on the PruFund Quarter Date can be found in the Fund guide titled “Your guide to investing in the PruFund Range of Funds” which is available upon request from Our Administration Centre in Ireland.

2.3.3.2 Adjustments of Unit Price on or between PruFund Quarter Dates

Unless the smoothing process has been suspended (see Condition 2.3.5), the adjustments of Unit Price(s) on or between PruFund Quarter Dates will be as follows:

- (i) If a Unit Price is adjusted in line with this Condition, no adjustment that would otherwise apply on that day in line with Condition 2.3.3.1(a) will apply.
- (ii) Each Working Day, PAC calculates the average Net Asset Value Per Unit over the five (5) Working Days ending with the Working Day on which PAC carries out the calculation (“the Average Net Asset Value Per Unit”). PAC also calculates the Net Asset Value Per Unit and the Unit Price applicable on that particular day.

- If the then current Net Asset Value Per Unit and the Average Net Asset Value Per Unit are both above the then current Unit Price by the Daily Smoothing Limit (or more), the Unit Price will be increased such that the Unit Price is then below the Net Asset Value Per Unit by the Gap After Adjustment.
- If the then current Net Asset Value Per Unit and the Average Net Asset Value Per Unit are both below the then current Unit Price by the Daily Smoothing Limit (or more), the Unit Price will be reduced such that the Unit Price is then above the Net Asset Value Per Unit by the Gap After Adjustment.

- (iii) For the avoidance of doubt, nothing in this Condition 2.3.3.2 would prevent Us from resetting the Unit Price of a Fund within the PruFund Range of Funds under Provision 2.3.4.

Where the Unit Price of a Fund within the PruFund Range of Funds has been adjusted in line with the above Process, You will not receive individual notification of such an adjustment. Unit Prices are available on request from our Administration Centre.

An example of how the Unit Prices are calculated between the PruFund Quarter Dates can be found in the Fund guide titled “Your guide to investing in the PruFund Range of Funds” which is available upon request from Our Administration Centre in Ireland.

2.3.4 Unit Price Reset

In certain circumstances PAC may decide to reset the Unit Price of a Fund within the PruFund Range of Funds to protect the Defined Charge Participating Sub-Fund and, therefore, the interests of Our with-profits policyholders. This is likely to be when there is a large volume of money entering or leaving that Fund within the PruFund Range of Funds.

If PAC decides to reset, the Unit Price would be adjusted to be the same value as the Net Asset Value Per Unit on that Working Day. That adjusted Unit Price will then continue to grow in line with the Expected Growth Rate (subject to Conditions 2.3.2 and 2.3.5 inclusive) from the Working Day after this Unit Price Reset.

The consideration of the criteria which may lead to a Unit Price Reset applies separately to each Fund within the PruFund Range of Funds, and applies to each Fund in its entirety, encompassing all products under which Units are held in each Fund, not just the International Prudence Bond.

You will not receive individual notification of a Unit Price Reset.

2.3.5 Suspension of the smoothing process

Each currency version of a Fund has its own Unit Price. The smoothing process described in Conditions 2.3.3 to 2.3.5 inclusive, and any decision to suspend it, applies separately to each currency version and PruFund Type and applies to each Fund in its entirety, encompassing all products under which Units are held in those Funds, not just the International Prudence Bond.

PAC may suspend the smoothing over a period of consecutive days to protect the PAC With-Profits Fund (or a sub-fund) and, therefore, the interests of Our with-profits policyholders.

On the day and each day during which the smoothing process is suspended the Unit Price of the Fund will be the Actual Fund Value divided by the number of Units in issue. PAC will review the position at least once every (thirty) 30 days, and will reinstate the smoothing process when PAC consider it appropriate. The smoothing process will normally remain suspended for a minimum of thirty (30) days.

When the smoothing process is reinstated the Unit Price will start at the previous day's Unit Price. The terms of Conditions 2.3.3 to 2.3.5 inclusive will then apply, including a daily increase in the Unit Price at the last published Expected Growth Rate set by PAC. If a PruFund Quarter Date has passed whilst the smoothing process has been suspended, PAC has the right to change the Expected Growth Rate.

Where the Unit Prices of the Funds within the PruFund Range of Funds have been adjusted in line with the above process You will not receive individual notification of such an adjustment. Unit Prices are available on request from our Administration Centre.

2.4 PruFund Guarantee

The PruFund Guarantee is available to Bondholders who select a PruFund Protected Fund. A Guaranteed Minimum Fund will be provided on the Guarantee Date if it is greater than the value of the PruFund Protected Fund Units in Your Bond at the Guarantee Date. The guarantee applies only at the Guarantee Date.

If You have not selected a PruFund Protected Fund at outset then the guarantee is unavailable to You.

The guarantee is an integral part of a PruFund Protected Fund and cannot be removed from the Units in that Fund once Your Bond has started.

A separate ongoing annual charge is taken by Us for providing the guarantee and is applied to the Unit holding in the PruFund Protected Fund on a monthly basis. Please refer to the PruFund Guarantee Charge section of Your Statement of Charges for the level at which the charge is applied and to Part 7, Condition 5 of these Contract Conditions for the method of application.

The PruFund Guarantee will cease to be in effect on the Bond once the Unit holding in a PruFund Protected Fund is reduced to zero. You will not be able to purchase Units in this Fund again other than by applying for a new Bond.

2.5 Guaranteed Minimum Fund

2.5.1 The Guaranteed Minimum Fund on the Guarantee Date is calculated as follows:

- (a) On the Investment Date the Guaranteed Minimum Fund is equal to the initial value invested in the PruFund Protected Account corresponding with the PruFund Protected Fund You selected.
- (b) The Guaranteed Minimum Fund is guaranteed in the Fund currency which may be different from the Death or Cash-in Benefit Currency. If this is the case then the Bondholder will be subject to exchange rate fluctuations when Benefits are taken.
- (c) The value of the Guaranteed Minimum Fund on the Guarantee Date is calculated after any unit cancellation for Regular or One-off Withdrawals due on the Guarantee Date.

The Guaranteed Minimum Fund will be reduced proportionately if any withdrawals are made between the commencement date and the Guarantee Date.

When a Regular or One-Off Withdrawal payment is made the Guaranteed Minimum Fund is reduced by the same proportion that the value on the Unit cancellation date of Your Units which are cancelled (including any cancelled to pay for an Early Cash-in Charge) bears to the value of the sum of those cancelled Units and any Units referable to the Initial Investment which remain credited to the Bond after cancellation.

Example:

- (1) **Investment Date** – Initial value of Units held in a PruFund Protected Fund – €10,000 (rounded for simplicity). This would be the Guaranteed Minimum Fund.

- (2) **One-Off Withdrawal 18 months after**

Investment – As part of a One-Off Withdrawal from the Bond, the share to be provided from the PruFund Protected Fund is €1,000. The Withdrawal is in the second year of Investment so would attract 8% Early Cash-in Charge at €87. Total Withdrawal from the Fund would be €1,087. Assume that the value of the Fund had grown to €10,300 on the date of Withdrawal. The proportion withdrawn is therefore $(€1,087/€10,300) \% = 10.55\%$. The Guaranteed Minimum Fund (originally €10,000) is therefore reduced by 10.55% to €8,944.66 (instead of $€10,000 - €1,087 = €8,913$).

- (3) **One-Off Withdrawal 42 months after**

Investment – As part of a One-Off Withdrawal from the Bond, the share to be provided from the PruFund Protected Fund is €2,000. The Withdrawal is in the fourth year of Investment so would attract 4% Early Cash-in Charge at €83 (rounded). Total Withdrawal from the Fund is €2,083. Assume that the remaining Fund value (after the previous Withdrawal) on the date of this Withdrawal had grown to €9,500. The proportion withdrawn now is therefore $((2,083/9,500) \% = 21.926\%$.

The Guaranteed Minimum Fund (€8,944.66) therefore further reduced by 21.926% to €6,983.45 (instead of $€10,000 - €1,087 - €2,083 = €6,830$).

- (4) Please refer to Part 4, Condition 2.6.3 of these Contract Conditions for information regarding Bondholder communications and also Condition 2.6.2 for details of options in the twenty eight (28) days following the Guarantee Date.

2.6 PruFund Guarantee processes

The process in 2.6.1 below will only apply where Units are held in a PruFund Protected Fund on the Guarantee Date.

Your options at the Guarantee Date are only available where Units are already held in a PruFund Protected Fund on that date and are independent of the Guarantee Date calculation process.

Should the Guarantee Date not fall on a Working Day, any Unit creation and/or transaction due on the Guarantee Date will be conducted on the next Working Day that a Unit Price is available.

2.6.1 On the Guarantee Date We will:

- (a) calculate the value of the Units attributed to Your Bond in respect of the Unit holding in the PruFund Protected Fund You selected, after deduction of any charges and Regular or One-Off Withdrawals due from the Fund on the Guarantee Date. The Unit Price used will be that applying after any adjustments under the smoothing process.
- (b) calculate the Guaranteed Minimum Fund on the Guarantee Date (after any adjustment in respect of any Regular or One-off Withdrawals due on the Guarantee Date).
- (c) compare the value of (a) with the value of (b).

If the value of (a) is less than the value of (b), Units will be added to Your Unit holding in the PruFund Protected Fund You selected so that the value of the Units attributed to that Fund on the Guarantee Date is equal to the Guaranteed Minimum Fund calculated as in (b) above.

If the value of (a) is equal to or greater than the value of (b) no Units will be added to Your Unit holding in the PruFund Protected Fund.

Whether or not there has been an adjustment to the number of PruFund Protected Fund Units held, We will transfer all Units from the PruFund Protected Fund to the PruFund Non-Protected Fund of the same currency and PruFund Type.

If on the Guarantee Date Units are already held in a PruFund Non-Protected Fund (or corresponding Account) of a different currency version of the same PruFund Type as the PruFund Protected Fund, that existing PruFund Non-Protected Fund will become the receiving Fund for the transfer. This transfer will be via the corresponding PruFund Account.

2.6.2. Guarantee Date options

In the twenty eight (28) days following the Guarantee Date You can choose from the following:

- (a) accept the automatic transfer from the PruFund Protected Fund to the PruFund Non-Protected Fund (referred to in Part 4, Condition 2.6.1) that took place on the Guarantee Date.
- (b) fully cash-in Your Bond.

Where You choose to fully cash-in Your Bond in the twenty eight (28) days following the PruFund Guarantee Date the twenty eight (28) day transaction delay will not apply if it is ordinarily being applied. We will cancel Units on the Date of Receipt of the correctly completed relevant transaction request forms at Our Administration Centre in Ireland, the value of the Units being calculated by reference to the Unit Price applicable on the Date of Receipt.

If We receive the correctly completed relevant transaction request forms at Our Administration Centre in Ireland on or before 12 noon on a Working Day, that day will be the Date of Receipt. If We

receive the correctly completed relevant transaction request forms after 12 noon on a Working Day or they are received on a non-Working Day then the Date of Receipt will be deemed to be the next Working Day.

Because the Unit Price used in calculating the value of the cancelled Units is that applicable on the Date of Receipt of the correctly completed relevant transaction request forms, the Unit value will not be known before the Date of Receipt is determined and the Unit Price for that Date of Receipt is calculated.

Units cashed-in from the receiving PruFund Non-Protected Fund in the twenty eight (28) days following the Guarantee Date will be cancelled at their Unit Price applicable to the day of cancellation.

A request to fully cash-in the Bond within twenty eight (28) days of the Guarantee Date will override any pending Full Cash-in or One-Off Withdrawal requests that are subject to the twenty eight (28) day delay if it is ordinarily being applied.

You should be aware that on the date that the cash-in request is carried out, the Unit value on the cash-in date may be lower than it was on the Guarantee Date and may result in a lower Unit value being cashed-in.

2.6.3 Bondholder communication

If You have Units in Your Bond in a PruFund Protected Fund, You will receive a written communication in advance of the Guarantee Date to outline Your options in the twenty eight (28) days following the Guarantee Date.

You will be informed as soon as reasonably practicable by written communication if on the Guarantee Date; the PruFund Guarantee had to be applied to the value of Your Unit holding in the Fund to restore the Guaranteed Minimum Fund. You will also be informed by written communication if the PruFund Guarantee did not have to be applied.

3. Switching between Funds

In order to ensure compliance with Spanish tax legislation, You may not switch between Funds.

4. Eligibility to invest in the PruFund Range of Funds and to remain in those Funds

Tax legislation under which the PruFund Range of Funds operate will affect Our assessment of whether:

- You are eligible to invest in Our PruFund Range of Funds at the start of Your Bond, and
- any changes in circumstances may affect Your ability to remain in Our PruFund Range of Funds.

The legislation may change from time to time. If We assess that Your continued Investment in a Fund within the PruFund Range of Funds will bring about adverse tax results for that Fund. We will transfer the value of any Units held under the Bond in that PruFund Range of Funds to a deposit Fund (or another Fund Our Actuary considers to be suitable if that Fund is not available at the time) as part of Our standard practice. We will then contact You and give details of Our other Funds available for You to re-invest into at the time.

The purpose of transferring the value of these Units to a deposit Fund is to protect their value as far as possible whilst You decide what course of action to take.

Part 5: Cash-in Benefits

Throughout this Part the term “acceptable instruction” means a written cash-in instruction specific to the type of cash-in required, correctly completed together with any necessary additional documentation if applicable. Specific cash-in forms are available on request from Our Administration Centre in Ireland. Your written instruction must be sent to Our Administration Centre in Ireland.

1. Regular Withdrawals

1.1 Availability

You can ask for Regular Withdrawals to be made out of Your Bond at any time.

If You wish to take Regular Withdrawals, please complete the Regular Withdrawal Request Form which is available from Our Administration Centre in Ireland.

We will confirm to You in writing as soon as reasonably practicable when Your request to set up a Regular Withdrawal facility has been completed. You may at any time request information regarding Your request from Our Administration Centre in Ireland. Regular Withdrawals are always provided by Partially Cashing-in the Bond.

1.2 Administration

You may choose to have Regular Withdrawals made every:

- month, or
- three (3) months, or
- six (6) months, or
- twelve (12) months.

You may ask for Regular Withdrawals to be made by cashing-in one of the following ways:

- a percentage of Your Initial Investment and any Additional Investments paid into the Bond, or

1.3 Maximum Regular Withdrawals at the start of an instruction

We will not accept instructions for Regular Withdrawals which would in total exceed Our limits regarding the percentage of Units to be cancelled during any rolling twelve (12) month period. See Key Features or Statement of Charges for more information on limits.

The limits will also apply to any later instruction to:

- change the level of Regular Withdrawals and/or
- re-start Regular Withdrawals. We may allow You to re-start Regular Withdrawals at Our absolute discretion and reserve the right to refuse any re-start of Regular Withdrawals.

The limits will be as published by Us in the Statement of Charges.

1.4 De-allocating Units

When the Bond is Partially Cashed-in to provide a Regular Withdrawal, We reduce, on the date of Withdrawal, the number of Units in the Bond by cancelling the number of Units equal in value to the amount of the Regular Withdrawal.

Where there have been two or more Investments credited to the Bond, We will cancel the Units in proportion to the Units relating to each Investment. Where the Bond is linked to two or more Funds,

We will deduct Units from all Funds in proportion to the value of the Units held under the Bond in each Fund.

1.5 PruFund Range of Funds

Regular Withdrawals from a PruFund Protected Fund and its corresponding Account will erode the Guaranteed Minimum Fund available to Bondholders who select a PruFund Protected Fund.

Regular Withdrawals from a Fund within the PruFund Range of Funds may be taken from Units held in the corresponding PruFund Account pending automatic transfer in to the selected PruFund Non-Protected Fund or PruFund Protected Fund on the PruFund Quarter Date and thereafter from the relevant Fund.

1.6 Spanish Tax Withholdings

We are obliged to make withholdings in certain circumstances where Regular Withdrawals are taken from Your Bond. All Regular Withdrawals will be paid net of any withholding. We shall pay any withholding directly to the Spanish tax authorities (See Part 2 Condition 17.1).

2. Minimum value requirements

For Regular Withdrawals refer to Condition 1 and for One-Off Withdrawals refer to Condition 3.

2.1 Minimum Withdrawals

Where You are taking

- Regular Withdrawals, or
- a One-Off Withdrawal by Partially Cashing-in the Bond, each payment must not be less than Our minimum limit at the time You make the Withdrawal.

The minimum limits for Regular or One-Off Withdrawals at the start of Your Bond are as shown in the Statement of Charges issued to you at the start of Your Bond.

We will normally review charges and limits expressed as a monetary amount in January each year.

2.2 Minimum Fund value

The value of the remaining Units in the Bond must be above Our minimum value at that time after any Withdrawal. Where any Regular or One-Off Withdrawal would result in the remaining value of the Bond being less than Our minimum value the following courses of action are available. Either:

- the amount of the Regular or One-Off Withdrawal must be changed, or
- the Bond must be Fully Cashed-in.

The Minimum Fund Value limit at the start of Your Bond is shown in the Statement of Charges issued to you at the start of Your Bond. We will normally review charges and limits expressed as a monetary amount in January each year.

3. One-Off Withdrawals

3.1 Availability

You can ask for a One-Off Withdrawal out of Your Bond at any time. If You wish to take a One-Off Withdrawal please complete the Partial or Full Cash-in Request Form which is available from Our Administration Centre in Ireland.

3.2 Administration

We can provide a One-Off Withdrawal by Partially Cashing-in the Bond.

3.3 De-allocating Units

When the Bond is Partially Cashed-in to provide a payment out of the Bond, We normally reduce the number of Units held under the Bond by cancelling the number of Units equal in value to the amount of the partial Withdrawal on the Date of Receipt of an acceptable instruction at Our Administration Centre in Ireland, reduced where applicable by any Early Cash-in Charge – (see part 7), the value of the Units being calculated by reference to the Unit Price applicable on the Date of Receipt. If We receive an Acceptable Instruction at Our Administration Centre on or before 12 noon on a Working Day, that day will be the Date of Receipt. If We receive an Acceptable Instruction after 12 noon on a Working Day or it is received on a non-Working Day, the Date of Receipt will be deemed to be the next Working Day.

Because the Unit Price used in calculating the partial cash in value is that applicable on the Date of Receipt of an Acceptable Instruction, the partial cash in value will not be known before the Date of Receipt of the Acceptable Instruction is determined and the Unit Price for that Date of Receipt is calculated. This provision is subject to any delay period that may be required pursuant to Part 2 Condition 8.2.

Where two or more Investments have been paid into the Bond, We will cancel Units in pro-portion to the Units relating to each Investment.

Where the Bond is linked to two or more Funds, We will deduct Units from all Funds in proportion to the value of the Units held under the Bond in each Fund.

3.4 Special conditions apply to PruFund Range of Funds

One-Off Withdrawals by Partially Cashing-in the Bond from a PruFund Protected Fund will reduce the Guaranteed Minimum Fund available to Bondholders who select a PruFund Protected Fund.

If the discretionary twenty eight (28) day delay has been applied (see Part 4, Condition 2.2), Units will be cashed-in subject to the twenty eight (28) day delay after the receipt of your written instruction at Our Administration Centre in Ireland.

Where this is the case, the Unit Price on the date of the transaction at the end of the delay period may be different to the Unit Price on the date that We received Your request. This means that the Unit value of the transaction may be higher or lower on the day We received Your instruction.

Once an acceptable instruction for a One-Off Withdrawal has been received by Us at Our Administration Centre in Ireland, You cannot retract that instruction during the period when the 28 day delay is in force.

We will confirm to You in writing as soon as reasonably practicable when Your One-Off Withdrawal request has been received and again at each stage of its completion. You may at any time request information regarding Your request from Our Administration Centre in Ireland.

3.5 Spanish Tax Withholdings

We are obliged to make withholdings in certain circumstances where You Partially Cash-in Your Bond. All Partial Cash-ins will be paid net of any withholding. We shall pay any withholding directly to the Spanish tax authorities (See Part 2 Condition 17.1).

4. Fully Cashing-in the Bond

4.1 Administration

When the Bond is Fully Cashed-in:

- We cancel all Units in the Bond, and
- We will pay the cash-in value of the Bond.

If You wish to Fully Cash-in Your Bond, please complete the Partial or Full Cash-in Form which is available from Our Administration Centre in Ireland.

4.2 Cash-in value

The cash-in value will be the value of the Units held under the Bond that We cancel on the Working Day We receive an acceptable instruction at our Administration Centre in Ireland, reduced where applicable by any Early Cash-in Charge, the value of the Units being calculated by reference to the Unit Price applicable on the Date of Receipt.

If We receive an Acceptable Instruction at Our Administration Centre on or before 12 noon on a Working Day, that day will be the Date of Receipt. If We receive an Acceptable Instruction after 12 noon on a Working Day or on a non-Working Day, the Date of Receipt will be deemed to be the next Working Day.

Because the Unit Price used in calculating the cash in value is that applicable on the Date of Receipt of an Acceptable Instruction, the cash in value will not be known before the Date of Receipt of the Acceptable Instruction is determined and the Unit Price for that Date of Receipt is calculated. This provision is subject to any delay period that may be required pursuant to Part 2 Condition 8.2.

4.3 Special conditions applying to The PruFund Range of Funds

If the discretionary twenty eight (28) day delay has been applied (see Part 2, Condition 8.3), Units will be cashed-in subject to the twenty eight (28) day delay after the receipt of Your written instruction at Our Administration Centre in Ireland.

Where this is the case, the Unit Price on the date of the transaction at the end of the delay period may be different to the Unit Price on the date that We received Your request. This means that the Unit value of the transaction may be higher or lower on the day We received Your instruction.

Once an acceptable instruction to Fully Cash-in the Bond has been received by Us at Our Administration Centre in Ireland, You cannot retract that instruction during the period when the 28 day delay is in force.

We will confirm to You in writing as soon as reasonably practicable when Your Full Cash-in request has been received and again at each stage of its completion. You may at any time request information regarding Your request from Our Administration Centre in Ireland.

Please refer to Part 4, Condition 2.6.2 if You are Fully Cashing-in the Bond within twenty eight (28) days following a Guarantee Date.

4.4 Spanish Tax Withholdings

We are obliged to make withholdings in certain circumstances where You Fully Cash-in Your Bond. All Full Cash-ins will be paid net of any withholding. We shall pay any withholding directly to the Spanish tax authorities (See Part 2 Condition 17.1).

5. Early Cash-in Charge – One-Off Withdrawals and Fully Cashing-in

Initial Investment

We will apply an Early Cash-in Charge to any Units to be cancelled during the first five (5) years of the Bond which were bought by the Initial Investment paid into the Bond ("Initial Investment Units") if:

- the Bond is Partially Cashed-in to provide a one-off payment (see Condition 3), or
- the Bond is Fully Cashed-in (see Condition 4).

Additional Investments

During the five (5) years after an Additional Investment, We will apply an Early Cash-in Charge to any Units to be cancelled which were bought by the Additional Investment paid into the Bond ("Additional Investment Units") if:

- the Bond is Partially Cashed-in to provide a one-off payment (see Condition 3), or
- the Bond is Fully Cashed-in (see Condition 4).

The percentage

The Early Cash-in Charge will be a percentage of the value of Initial Investment Units and Additional Investment Units, as appropriate, on the date that:

- the Bond is Partially Cashed-in to provide a one-off payment (see Condition 3), or
- the Bond is Fully Cashed-in (see Condition 4).

The table of percentages for the Early Cash-in Charge is shown in the Contract Schedule and the Statement of Charges or Your Endorsement schedules for any Additional Investment. Each "year" in the table is measured from the Investment Date of the Initial Investment or the Additional Investment Date of the Additional Investment as appropriate.

6. Cash-in Benefit Currency

We will pay Cash-in Benefits out of Your Bond in the currency shown in the Contract Schedule unless We agree to make a payment in another currency.

The expression "Cash-in Benefit Currency" means the currency We generally use for such payments.

Part 6: Death Benefit

1. The amount of Death Benefit

The Death Benefit is:

- a percentage of the value of Units allocated to the Bond, or
- a percentage of the cash-in value of the Bond,

on the day after We have been told in writing that the Person Covered by the Bond has died.

The Contract Schedule and any Related Documents will show the percentage that applies to Units from each Investment in Your Bond.

To determine the amount We pay We will:

- take the value of Units established on the day following the receipt of notice in writing of the death of the Person Covered by the Bond; or

Where a Bond has Units in any Fund from the PruFund Range of Funds, the twenty eight (28) day delay to Unit cancellations from those funds will not be imposed by PAC.

2. The Person covered by the Bond

If just one person is shown as the Person Covered by the Bond in the Bond Documents, the Bond will end on that person's death and the Death Benefit will be payable.

If two or more persons are shown as the Persons Covered by the Bond, the Bond Documents will show whether the Bond:

- will end on the death of the last to die of those persons, in which case the Death Benefit will not be payable on any earlier death(s); or
- will end on the death of the first to die of those persons.

Where the Bond is co-owned by two or more Bondholders who are also the Persons Covered by the Bond, the Bondholders may not nominate a Beneficiary where they elect for the Bond to end on the death of the first Person Covered by the Bond (see Part 2, Condition 1.1).

3. Procedures for Death Benefit

- We must be notified in writing that the death has occurred and this must be received at Our Administration Centre in Ireland.
- When We are told that death has occurred, We have the right to hold the Death Benefit value in cash until We pay the Death Benefit.
- The following documents must be provided in order for us to pay the Death Benefit:
 - The Contract Schedule and any Endorsements to the Contract Schedule in original copy;
 - The death certificate of the last surviving Person covered by the Bond;
 - A certificate issued by the Registry of Last Wills (Registro de Actos de Últimas Voluntades) and a copy of the last surviving Person covered by the Bond's last will or a judgment issued by the Court declaring who the successors are or a Notarised Affidavit of Intestate Heirs;
 - certified copies of documentation to identify and verify the Beneficiary in accordance with regulatory requirements;
 - Any other documentation and information reasonably required by Us in order to prove the claimant's title.
- The Death Benefit will be paid after the date ownership is proved. Ownership is "proved" when We have satisfactory documentary proof identifying the person(s) with the legal right to claim the Death Benefit.
- When We pay the Death Benefit, We will cancel the Units held under the Bond and the Bond will come to an end.

4. Late payment of the Death Benefit

If payment of the Death Benefit is delayed for more than twenty one (21) days after the date the claim is proved (in other words the date We receive evidence establishing that the Person covered by the Bond has died), We will increase the amount of the Benefit payment relating to the value of Units held under the Bond within Our Funds as follows:

- The increase will depend on how long the Benefit payment is delayed. This will be measured from the date the claim is proved to the date We pay the Benefit (the “Benefit Payment Date”).
- We calculate an increase factor based on the percentage increase in the value of Units in one of Our deposit based Funds from the date the claim was proved to the Benefit Payment Date. We can choose any of Our deposit-based Funds for this but it will normally be the Fund denominated in the currency in which the Benefit is to be paid.
- We calculate how much We would have paid as the Benefit on the date the claim was proved and increase that amount by the increase factor described above.

5. Death Benefit Currency

We will pay the Death Benefit in the currency shown in the Contract Schedule unless We agree to pay in another currency (the “Death Benefit Currency”).

Part 7: Charges

1. Summary of charges

We take the following Basic Charges:

- Annual Management Charges
- Establishment Charge
- Early Cash-in Charges
- Guarantee Charge.

For the PruFund Range of Funds all Investments will generally be initially invested in the appropriate PruFund Account.

The following Conditions describe the charges applicable to each Fund, however these charges will equally apply to any Unit holdings in the PruFund Accounts.

We work out some of the charges covered in this Contract Conditions Booklet by referring to the date that Units are allocated to the Bond for each Investment paid into the Bond.

“Current” charges and limits – Some charges and limits for the Bond are quantified as a sum of money. We have the right to change the amount of these charges and limits. We will provide details of these charges on request.

The words “Current” and “Currently” for such a charge or limit should be read as referring to the amount of the charge or limit as published by Us at the time We deduct the charge.

2. Annual Management Charges

2.1 All Funds

There are separate Annual Management Charges on each of the Funds and the percentage charge may vary from Fund to Fund. Details of the AMC applicable to each Fund can be found in the Statement of Charges which apply at the start of Your Bond and which may be amended by Us from time to time. Fund guides are available on request from Our Administration Centre in Ireland.

Where some Funds hold Units in other Funds, We shall make any change necessary to make sure that a charge is not made twice.

We may introduce new Funds from time to time, to which the Bond may be linked in the future. Details of AMCs of such Funds will be available from Us as and when they are introduced.

We have the right to increase (or reduce) the percentage for Our Annual Management Charges for any of Our Funds from time to time, if the management costs We incur change. For example, if the Unit Trust underlying one of Our Unit-Linked Funds were to change its nature or charges, We may reflect this change in Our Annual Management Charge. If this happens, We will write to You before the changes take place to explain any such change with the new level of charges.

2.2 Funds except the PruFund Range of Funds

We will deduct a variable Annual Management Charge in respect of each Fund that your Bond is linked to. This charge will be levied at each date the Fund is valued, at the appropriate rate for that Fund, based on the value of the Fund at the date the Fund is valued. For example, this means that for a Fund valued daily, We deduct a percentage equal to 1/365th of the Annual Management Charge applicable to the relevant Fund each day, from the value of that Fund. We take this into account in calculating the day to day price of the Units of the Fund.

2.3 The PruFund Range of Funds

An explicit separate Annual Management Charge is applied in respect of the value of the Unit holding in each Fund and/or Account within the PruFund Range of Funds and is taken by Unit cancellation monthly, commencing one (1) month after the Investment Date for as long as Units within the PruFund Range of Funds are held within the Bond.

The Annual Management Charge percentage may vary between different currency versions of the same Fund to reflect differences associated with the cost of providing those Funds in a currency other than Sterling.

3. Establishment Charges

The rate of Establishment Charge that is applied to Your Bond can be found in Your Statement of Charges under "Establishment Charge".

3.1 The Initial Investment into the Bond

During the first five (5) years, We take an Establishment Charge every three (3) months in respect of Units based on the Initial Investment. We apply the charge for the first time on the Investment Date.

We take Our three (3) monthly charges by cancelling a percentage of the Initial Investment Units from the Bond.

3.2 Additional Investments Into The Bond

During the first five (5) years after an Additional Investment We take an Establishment Charge every three (3) months in respect of Units based on the Additional Investment.

We apply the charge for the first time on the Investment Date of the Additional Investment (in other words, on the date the Additional Investment is credited to the Bond).

We take Our three (3) monthly charges by cancelling a percentage of the Additional Investment Units from the Bond.

We will spread each Establishment Charge evenly across all the Policies. This means that the cash in value of each Policy will be reduced by an identical amount (allowing for any rounding) every time an Establishment Charge deduction is made.

4. Early Cash-in Charge

For details of Our Early Cash-in Charge, see Part 5, Condition 5. The rate of any Early Cash-in Charge that may be applied is detailed on Your Contract Schedule.

5. PruFund Guarantee Charge

5.1 Applying the charge

A separate charge is applied in respect of the Unit holding in a PruFund Protected Fund.

The charge is known as the PruFund Guarantee Charge.

The charge is applied to the Initial Investment Units in the PruFund Account and then to the Units in the corresponding PruFund Protected Fund following the automated transfer on the next PruFund Quarter Date. The same rate of charge is applied to both Account and Fund Units.

The charge is payable by Unit cancellation monthly in arrears commencing one (1) month after the date of the Investment into the Fund. The charge is a percentage of the Units held in a PruFund Protected Fund on the day that the charge is taken. The percentage charge once applied will not change before the Guarantee Date.

A charge for the guarantee will continue until the Units held in the Fund are Fully Cashed-in or are exhausted by Regular and One-Off Withdrawals from the Fund. The charge will only cash in Units from a PruFund Protected Fund or its corresponding Account.

Details of the rate of the charge at the Investment Date of Your Bond can be found in Your Statement of Charges in the "PruFund Guarantee Charge" section.

6. Additional charge on payment method

When You cash in part or all of Your Bond, We may make a charge equal to any cost We incur in making the payment.

We will take this charge by deducting an amount from the Cash-in Benefits being paid from the Bond net of any withholding. Details can also be found in the Statement of Charges under "Other Charges and Limits". Please note that the standard method of payment will be bank transfer.

7. De-allocating Units for charges

Where the Bond is linked to two or more Funds when We are de-allocating Units for a charge, We normally spread the de-allocation between all Funds in proportion to the value of the Units in each Fund. This will apply as long as a charge operates in the same manner for each of the Funds in question. Where it does not, the de-allocation will be determined by the rules of the charge.

Appendix 1

Investment Limits

A. Minimum Investment in Your Bond

You need to make a single Initial Investment of at least €25,000, £20,000 or US\$35,000 when You take out Your Bond.

You need to make a minimum Additional Investment of at least €20,000, £15,000 or US\$25,000.

B. Maximum Investment in certain Funds

The maximum You can invest across the PruFund Range of Funds (in one or more bonds) is €1,250,000, £1,000,000 or US\$1,500,000.

If You own Your Bond jointly with another party, You will each be treated as having invested the full amount. So if You jointly invest €1,250,000 into the PruFund Range of Funds, it will be treated as the maximum investment limits for both of You. This limit includes any Additional Investments made by You into Your Bond.

NOTE: The investment limits set out in this Appendix 1 are subject to change from time to time.

www.prudential-international.com

The registered office of Prudential International is in Ireland at Fitzwilliam Court, Leeson Cl, Dublin 2, D02 TC95. Prudential International is a marketing name of Prudential International Assurance plc, a life assurance company operating from Ireland. Registration No. 209956. Prudential International Assurance plc is authorised and regulated by the Central Bank of Ireland. Prudential International is part of the same corporate group as The Prudential Assurance Company Limited. Both The Prudential Assurance Company Limited and Prudential International are direct and indirect subsidiaries respectively of M&G plc, a company incorporated in the United Kingdom. The Prudential Assurance Company Limited is not affiliated in any manner with Prudential Financial, Inc, a company whose principal place of business is in the United States of America or Prudential plc, an international group incorporated in the United Kingdom.