

Contract Conditions

International Prudence Bond (Spain)

Contract Conditions Booklet PIA/ESP/IPB/06/0917

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› 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 Montague House, Adelaide Road, 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 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 at Montague House, Adelaide Road, Dublin 2.

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

"Annual Management Charge" 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 Part 1, 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" and "We" should be read as referring to the Company).

"Contract Conditions Booklet" means this document.

"Contract Schedule" means the document described in Part 1, Condition 3.

"Current Charges and Limits" see Part 7, Condition 1.

"Date of Receipt" means the date described in Part 3, Condition 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 PAC With-Profits Range of Funds and the PruFund Range of Funds are invested. See Part 4, Conditions 2 and 3.

"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 Part 1, 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.

"Final Bonus" means the bonus described in Part 4, Condition 2.2.

"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.

"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 3.6.2.

"Guaranteed Minimum Fund" means the value of the Units as calculated in accordance with Part 4, Condition 3.5.

"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 Part 1, 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.

"Market Value Reduction" (MVR) means a reduction applied to the value of PAC With-Profits Units on cashing-in as explained in Part 4, Condition 2.4.

"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 PAC With-Profits Range of Funds and 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.

"PAC With-Profits Range of Funds" means the Unit-Linked Funds that are invested in the Defined Charge Participating Sub-Fund of PAC excluding the PruFund Range of Funds.

Note that the PAC With-Profits Range of Funds is not available to Initial Investment on or after 11 September 2017.

"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.

"PIA" means Prudential International Assurance plc.

"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 3.4. 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 3.

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

"Regular Bonus" means the bonus described in Part 4, Condition 2.1.

"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 Part 1, Condition 3.

"Unit Price Fund Value" means the total number of Units credited to a Fund (in respect of all policies, not just Your own Bond) multiplied by the relevant Unit price.

"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"** mean 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 the Kingdom of 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 signed by the current Bondholder(s) and the new Bondholder(s). The completed deed of assignment should be provided to Us. 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 Part 2 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 Part 2, 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 Part 2 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 Your instruction was received on a Wednesday before 12 noon 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. 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.

14. 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.

15. 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 such as Regular Withdrawals, Fully and Partially Cashing-in or Additional Investments and others are available from Our Administration Centre in Ireland upon request.

16. Spanish Tax

16.1 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"*.

16.2 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.

16.3 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.

16.4 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.

16.5 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.

17. Cancellation Rights

17.1 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.

17.2 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 17.1.

18. 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 Ombudsman's Bureau at the following address:

Financial Services Ombudsman's Bureau
3rd Floor,
Lincoln House,
Lincoln Place,
Dublin 2,
Ireland.

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 Ombudsman's Bureau 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 3.3 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". **You may not invest in more than one PAC With-Profits Range of Funds.** 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 both PAC With-Profits Range of Funds and 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) PAC With-Profits Range of Funds, or

(b) PruFund Protected Funds, or

(c) 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.

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 PAC With-Profits Range of Funds or the funds in 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 PAC With-Profits Range of Funds or 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 (see Condition 2), are reflected in Bonus rates, Expected Growth Rates and any MVRs 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 2.5 for the pricing of the PAC With-Profits Range of Funds and Condition 3.3 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 regarding PAC With-Profits, see Condition 2. 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 PAC With-Profits Range of Funds (not available to Initial Investment on or after 11 September 2017)

In certain respects the conditions relating to Our PAC With-Profits Range of Funds differ from the general conditions set out above.

Units in Our PAC With-Profits Range of Funds are invested by way of a reinsurance contract into the Defined Charge Participating Sub-Fund of PAC. 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.

A Fund guide titled "Your guide to investing

in With-Profits" is available upon request from Our Administration Centre in Ireland.

Fair share payouts

There are a number of different factors that influence the bonus rates under with-profits and PAC has to decide how to take account of these factors when it sets the bonuses.

It does this by tracking the fair share of the assets of its With-Profits Funds. The fair share is determined by accumulating over the lifetime of the Bond the payments made, less an allowance for charges, at the actual rate of return earned on the assets in its With-Profits Funds.

The fair share is the level that PAC targets for claim values before they do any smoothing. The fair share is then adjusted to allow for smoothing, to determine the actual claim value to be paid.

Smoothing

PAC has a smoothing policy which is designed to reduce the fluctuations of claim payments compared with the underlying investment performance. Shares in companies, and property, are higher risk than some other types of investment. Their value tends to fluctuate more, but over the longer term they have historically produced relatively high returns and PAC believe that they will continue to do so.

The smoothing process addresses the concern that while shares and property have generally risen more in value than fixed interest investments and deposits over a long period such as twenty (20) years, the return is also much more volatile. One year the investment may do very well, but the next could see a significant fall in value. So instead of simply sharing out what the Fund makes – or loses – each year, a with-profits

Fund reduces some of the fluctuations in performance over the time You hold Your Bond.

Although smoothing means that PAC spreads profits from one year to the next, the aim is to pay out all of the investment returns earned by the Fund over the long term. This means that with-profits Bondholders as a whole neither gain nor lose as a result of the smoothing policy. Smoothing operates through the application of Regular Bonuses, Final Bonuses and Market Value Reductions (see Conditions 2.1, 2.2 and 2.4 respectively).

The smoothing process works by holding back some growth when investment returns are strong. This growth can be used in years when returns are lower.

The aim of the smoothing process is to offer more protection for long term investing against the short term volatility of investing in stock markets when compared to other ways of investing in the stock markets.

PAC's smoothing process is also described in Our brochure "Your guide to investing in With-Profits" which is available on request from Our Administration Centre in Ireland.

2.1 Regular Bonus

- The Regular Bonuses are added throughout each year to With-Profits Units in order to gradually increase the guaranteed Benefits payable on death.
- The level of Regular Bonus is normally decided once a year. The value of Your Units will then grow over the calendar year in line with this rate. However, PAC reserves the

right to change Regular Bonus at any time. Any such change will not affect bonuses already added since these will continue to be reflected in the Unit price used for guaranteed Benefits payable on death.

- You will be informed of the rate of Regular Bonus applicable to Your Bond within Your Bondholder's Annual Unit Statement sent to You after each anniversary of the commencement of Your Bond. **The smoothing process works by holding back some growth when investment returns are strong. This growth can be used in years when returns are lower.**

The aim of the smoothing process is to offer more protection for long term investing against the short term volatility of investing in stock markets when compared to other ways of investing in the stock markets.

PAC's smoothing process is also described in Our brochure "Your guide to investing in With-Profits" which is available on request from Our Administration Centre in Ireland.

2.2 Final Bonus

Final Bonuses make up the difference between the guaranteed Benefits payable on death and the overall smoothed claim value. These bonuses are used to return to each Bondholder a fair share of the profits of the Fund.

The Final Bonus will only be known at the time the claim value is calculated. The value of Final Bonus illustrated each year may be greater or less than any amount of Final Bonus indicated previously. The level of any Final Bonus is decided at the end of each year for the coming year. It may be changed by PAC at any other time during the year if investment conditions change significantly.

You will be informed of the Final Bonus applicable to the PAC With-Profits Units in Your Bond within Your Bondholder's Annual Unit Statement sent to You each year shortly after the anniversary of Your Bond. **If the Final Bonus declared by PAC is changed at any time other than at the annual declaration We will not write to inform You that the change has taken place.**

- A Final Bonus may be paid to increase the value of Your Bond on death.
- You may also receive a Final Bonus in certain circumstances if You move out of a PAC With-Profits Range of Funds at other times.

Final Bonus is not guaranteed and will depend on the date on which You made Your Investments in the PAC With-Profits Range of Funds. Different levels of bonus are applied to different groups of investors. Factors influencing the levels of bonus include the period of time that the Investment has been invested in the Fund, the

level of charges on the Bond, the smoothing policy applied by PAC and the amount You invest in the Bond.

2.3 Bonuses generally

The investment performance will depend on the mix of assets in the Fund.

Any investment surplus not paid out as Regular Bonuses will build up to provide the Final Bonus, subject to the smoothing policy applied by PAC (as described above).

In the meantime, these profits increase PAC's flexibility, when appropriate; to invest in higher risk but potentially higher return assets such as shares.

The level of these bonuses is decided by the Board of PAC for each of their With-Profits Sub-Funds. In deciding these bonus additions, account is taken of:

- how much of the investment return of the assets of their With-Profits Sub-Fund is to be distributed; and
- how the Bondholders' share should be fairly divided between the different classes of With-Profits Bondholder, and between the individual Bondholders within each class.

In calculating bonuses, long-term investment performance and estimated average future returns are considered more than short-term market fluctuations. The Board of PAC aims to act

in a fair and reasonable manner and always act in good faith in trying to balance the interests of Bondholders and shareholders.

2.4 Market Value Reduction

PAC may apply a reduction against the value of Your Units in PAC With-Profits Range of Funds in certain circumstances. This reduction is called a Market Value Reduction (MVR) and the incidence and level of any MVR will be decided by PAC as explained below.

PAC can apply an MVR when You cash-in Your Units in a PAC With-Profits Fund at a time when the value of Your share of the underlying investments is lower than the value of Your Units (including Regular and Final Bonuses). The effect of the MVR is to reduce the amount that is paid to You for the Units that You are Cashing-In, in order to bring that amount closer to or to the value of the underlying investments that are represented by those Units. The level of any MVR that may be applied will depend on the date You paid Your Investment or Investments into the PAC With-Profits Range of Funds, the subsequent performance of the underlying investments in that Fund and the level of smoothing, if any, that PAC decides to apply. The level of smoothing may depend upon

the total You invest into Our PAC With-Profits Range of Funds. An MVR will never be applied to a claim for the Death Benefit.

The reason for the MVR is to safeguard the security of PAC's Fund and to make sure that those who remain invested in the Fund are not disadvantaged by others who would otherwise cash-in at levels which are higher than can be justified by a fair valuation of the underlying assets. The aim is to ensure that all Bondholders are treated fairly.

PAC cannot predict exactly when it will apply an MVR or the level of any MVR that it applies because this depends upon ongoing investment performance. It is, however, likely that an MVR will be applied during periods when investment performance is lower than had been predicted or during periods when there have been sharp falls in the relevant stockmarkets.

Part 5, Condition 1.6 of these Contract Conditions gives an example of when a Market Value Reduction may be applied.

2.5 Prices of Units in the PAC With-Profits Range of Funds

The valuation of PAC With-Profits Units will be carried out by PAC.

The price used for Unit purchases will be based on the Regular Bonus rates determined by PAC.

PAC decides if a Regular Bonus will be payable and the Unit price is increased, if applicable, by adding this bonus at an equivalent daily rate. So, if a Unit is priced at €1.00 and PAC decides to declare a Regular Bonus of 4.00% then the price of that Unit will increase over the following year at a daily rate which gives a Unit price of €1.04 a year later.

If the outlook for investment markets changes significantly (up or down) within twelve (12) months of the bonus declaration, PAC may alter the Regular Bonus rate which will apply for the balance of that year accordingly. This will not affect the bonus additions already made to the Unit price but will alter the daily rate of future additions.

3. 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.

3.1 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, Part 4 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.

3.2 Credit and cancellation of Units

3.2.1 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. This will be on the day We receive the correctly completed Investment application form at Our Administration Centre in Ireland provided that they are received by 12:00 noon GMT. If the correctly completed request forms are received after 12:00 noon GMT, We will credit the Units at the Unit price applicable on the next Working Day. If the day of receipt is a non-Working Day then we will credit units on the next Working Day applicable to the day of receipt.

3.2.2 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 Part 4, Condition 3.6 for PruFund Guarantee Date Options.

3.2.3 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 Part 2, 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.

3.2.4 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.

3.3 Unit pricing

3.3.1 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.

3.3.2 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, 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 3.3.4.

3.3.3 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 prices within the Funds will increase in line with the then current Expected Growth Rate on every day from and including the

day after the PruFund Quarter Date on which the Expected Growth Rate is set until and including the next PruFund Quarter Date.

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

3.3.3.1 Calculation of Unit price at each PruFund Quarter Date

Unless the smoothing process has been suspended, 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, We compare the Net Asset Value Per Unit of each Fund to the Unit price of that Fund on that day. If the Net Asset Value Per Unit is within 5% of the Unit price, the Unit price will not change.

➤ If the Net Asset Value Per Unit is 5% (or more) above the Unit price, the Unit price will be increased on the PruFund Quarter Date by half the difference. If the Net Asset Value Per Unit is more than 10% above the Unit price then this adjustment will be repeatedly applied until the Net Asset Value Per Unit is less than 5% above the Unit price. When this

process is complete, any remaining difference between the Net Asset Value Per Unit and the Unit price will be taken into account in setting the new Expected Growth Rate.

- If the Net Asset Value Per Unit is 5% (or more) below the Unit price; the Unit price will be reduced on the PruFund Quarter Date by half the difference. If the Net Asset Value Per Unit is more than 10% below the Unit price then this adjustment will be repeatedly applied until the Net Asset Value Per Unit is less than 5% below the Unit price. When this process is complete, any remaining difference between the Net Asset Value Per Unit and the Unit price will be taken into account in setting the new Expected Growth Rate.
- This mechanism is subject to Condition 3.3.3.2 below entitled "Adjustments of Unit Price on or between PruFund Quarter Dates".

- (b) The Unit price on the day after the PruFund Quarter Date will increase in accordance with the new Expected Growth Rate.

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.

3.3.3.2 Adjustments of Unit Price on or between PruFund Quarter Dates

If a Unit price is adjusted in accordance with Condition 3.3.3.1 (a) above entitled "Calculation of Unit Price at each PruFund Quarter Date", no adjustment that would otherwise apply on that day will apply.

Each Working Day, We calculate the average Net Asset Value Per Unit over the five (5) Working Days ending with the Working Day on which We are carrying out the calculation ("the Average Net Asset Value Per Unit"). We also calculate 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 10% (and more) above the then current Unit price the Unit price will be increased so that the Unit price will be 2.5% below the then current Net Asset Value Per Unit. The remaining difference will be taken into account when the Expected Growth Rate is next changed.
- If the then current Net Asset Value Per Unit and the Average Net Asset Value Per Unit are both 10% (and more) below the then current Unit price the Unit price will be reduced so that the Unit price will be 2.5% above the then current Net Asset Value Per Unit. The remaining

difference will be taken into account when the Expected Growth Rate is next changed.

Where the Unit price of a Fund within the PruFund Range of Funds has been adjusted in line with the above process there will NOT be any communication sent to the Bondholders. 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.

3.3.4 Suspension of the smoothing process

Each currency version of a Fund has its own Unit price. The smoothing process and consideration of the criteria which may lead to suspension of this process, is applied to each currency version and PruFund Type independently of the other.

PAC may suspend the smoothing process if the difference between payments into and out of the Fund is high. For this purpose PAC compare the following amounts:

- (a) the total amount relating to applications to pay new Investments into the Fund; and
- (b) the total amount relating to applications to take money out of the Fund through cashing-in Units (other than a Regular Withdrawal).

PAC can suspend the smoothing process if the difference between the two amounts under the Condition in (a) and (b) above:

- when calculated by reference to any thirty (30) day period and then multiplied by twelve (12) (to "annualise" the amount), is more than 25% of the Unit Price Fund Value on the date of calculation; or
- when calculated by reference to any full year, is more than 10% of the Unit Price Fund Value on the date of calculation.

PAC can also suspend the smoothing process to protect the PAC Long Term Fund or if it is felt necessary to ensure that other Bondholders are treated fairly in accordance with Our regulatory duties.

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 3.3.2 to 3.3.3 above will then apply, including a daily increase in the Unit price at whatever the new Expected Growth Rate is set at.

Where the Unit prices of the Funds within the PruFund Range of Funds have been adjusted in line with the above process there will NOT be any communication sent to the Bondholders. Unit prices are available on request from our Administration Centre.

3.4 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.

3.5 Guaranteed Minimum Fund

3.5.1 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 3.6.3 of these Contract Conditions for information regarding Bondholder communications and also Condition 3.6.2 for details of options in the twenty eight (28) days following the Guarantee Date.

3.6 PruFund Guarantee processes

The process in 3.6.1 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.

3.6.1 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.

3.6.2. 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 3.6.1) 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 Working Day We receive the relevant transaction request forms that We require correctly completed at Our Administration Centre in Ireland provided that they are received by 12:00 noon.

If the correctly completed request forms are received after 12:00 noon, We will cancel the Units on the next Working Day.

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.

3.6.3 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.

With-Profits Range of Funds and PruFund Range of Funds at the start of Your Bond, and

- any changes in circumstances may affect Your ability to remain in Our PAC With-Profits Range of Funds and PruFund Range of Funds.

The legislation may change from time to time. If We assess that Your continued Investment in a PAC With-Profits Range of Funds or 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 PAC With-Profits Range of Funds or Fund within the 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.

4. Switching between Funds

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

5. Eligibility to invest in the PAC With-Profits Range of Funds and PruFund Range of Funds and to remain in those Funds

Tax legislation under which the PAC With-Profits Range of Funds and the PruFund Range of Funds operate will affect Our assessment of whether:

- You are eligible to invest in Our PAC

› 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
- › a percentage of the value of the Units in Your Bond, including any Final Bonus that may apply to PAC With-Profits Units.

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. We need to reserve this discretion to assist with Our overall management of the PAC With-Profits Range of Funds.

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 Special conditions apply to PAC With-Profits Range of Funds

The value of Units to be cancelled in PAC With-Profits Range of Funds for any Regular Withdrawal will be based on the Unit price. This price will include Regular Bonuses and may reflect adjustments determined by PAC in the following order:

- › by adding any Final Bonus, where applicable, and
- › by deducting any MVR (see 1.6 below).

We will then reduce the number of PAC With-Profits Units by cancelling the number of Units equal in value to the amount of the Regular Withdrawal.

1.6 Market Value Reduction

A Market Value Reduction determined by PAC may apply to Units in the PAC With-Profits Funds when a Regular Withdrawal is made.

1.7 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.

1.8 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 16.1).

2. Minimum value requirements

For Regular Withdrawals refer to Part 5, Condition 1 and for One-Off Withdrawals refer to Part 5, 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 in the Bond by cancelling the number of Units equal in value to the amount of the partial Withdrawal on the Working Day We receive an acceptable instruction at Our Administration Centre, reduced where applicable by any Early Cash-in Charge – see Part 7, provided We receive the instruction by 12.00 mid-day. If an acceptable instruction is received after 12.00 mid-day, We will cancel the Units on the next Working Day. 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 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.

3.4 Special conditions apply to PAC With-Profits Range of Funds

Before We apply any Early Cash-in Charge (see Condition 5 for an explanation of this charge) the value of Units to be cancelled in PAC With-Profits Range of Funds will be based on the Unit price. This price will include Regular Bonuses and may reflect adjustments determined by PAC in the following order:

- by adding any Final Bonus, where applicable, and
- by deducting any Market Value Reduction.

3.5 Special conditions apply to PruFund Range of Funds

One-Off Withdrawals by Partially Cashing-in the Bond from a PruFund Protected Fund will erode 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 3.2), 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 during the period when the twenty eight (28) day delay is in force it may not be retracted.

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.

3.6 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 16.1).

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 in the Bond that We cancel on the Working Day We receive an acceptable instruction at our Administration Centre, reduced where applicable by any Early Cash-in Charge, provided that We receive the instruction We require by 12.00 mid-day. If an acceptable instruction is received after 12.00 mid-day, We will cancel the Units on the next Working Day. This provision is subject to any delay period that may be required pursuant to Part 2 Condition 8.2.

This price will include Regular Bonuses but may then be adjusted in the following order:

- by adding any Final Bonus, determined by PAC where applicable, and
- by deducting any Market Value Reduction determined by PAC.

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 during the period when the twenty eight (28) day delay is in force it may not be retracted.

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 3.6.2 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 16.1).

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:

- › in the case of Funds other than PAC With-Profits Range of Funds, 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
- › in the case of a Bond which has Units invested in a PAC With-Profits Range of Funds, use the value of Units adjusted for any Final Bonus determined by PAC; then
- › apply the relevant Death Benefit percentage.

Where a Bond has Units in a PAC With-Profits Range of Funds, no Market Value Reduction will be applied by PAC to the Death Benefit.

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 a 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;
 - ID, passport or any document identifying the Beneficiary;
 - 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 a 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. Our Annual Management Charges for each Fund at the Investment Date of Your Bond are as shown in the Statement of Charges issued to you at the start of Your Bond.

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 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 PAC With-Profits Range of Funds

We take variable Annual Management Charges for maintaining the Funds that Your Bond is linked to, where applicable. In practice, We take Annual Management Charges into account when calculating the day-to-day price of the Units in the Fund and bonuses (see Part 4).

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.

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.

If PAC With-Profits Units are to be cancelled then We will:

- add any Final Bonus determined by PAC and
- deduct any Market Value Reduction determined by PAC

before applying the Early Cash-in Charge.

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 PAC With-Profits Range of Funds and 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 PAC With-Profits Range of Funds and 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.



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