

customer guide

guaranteed dynamic 100 bond



EAGLE STAR

Introduction

This guide applies to Eagle Star's Guaranteed Dynamic 100 Bond. Eagle Star wants to make sure that you purchase a policy that meets exactly with your requirements. This guide is designed to give you all the information required to make an informed purchase decision.

This guide is incomplete unless section B is completed by your Financial Advisor.

A. Information about the policy

1. Make sure the policy meets your needs!

- (i) The primary purpose of this product is investment. It is not designed to provide life cover other than the normal encashment value of the plan on death.
- (ii) This policy is a single premium investment policy.
- (iii) Although you may encash your policy at any time, you should be aware that an investment policy is a long term financial commitment. You will be exposed to fluctuating capital values in the short-term. This investment is unsuitable if you have a short time horizon or if you are likely to need to use the proceeds of the policy in a financial emergency. You should be satisfied as to the long-term nature of this commitment with regard to your needs, resources and circumstances before entering into such a contract.
- (iv) **Warning: If you propose to take out this policy in complete or partial replacement of an existing policy, please take special care to satisfy yourself that this policy meets your needs. In particular, please make sure that you are aware of the financial consequences of replacing your existing policy. If you are in doubt about this, please contact your Insurance Broker/Advisor.**
- (v) The Dynamic 100 Fund

The Dynamic 100 Fund is an actively managed fund which is designed as from 2nd July 2007 to provide a return referenced to a variable combination of the Eagle Star Dynamic Fund and a Cash Fund. Prior to 2nd July 2007, the return on the Dynamic 100 Fund will be 5% per annum.

The Dynamic 100 Fund has a Protected Price equal to 80% of its highest ever unit price and an Assured Price on 3rd July 2013 at least equal to its unit price on 2nd July 2007. The Assured Price means that the value of your policy on 3rd July 2013 will be at least equal to the premium you initially invested, provided you have not taken any partial encashments or regular income from your policy.

The Assured Price applies on 3rd July 2013 only and not on any other date and will be of no value to you other than on that date.

The Dynamic 100 Fund's exposure to the returns on the Dynamic Fund varies between 0% and approximately 70% of the value of the assets held in the Dynamic 100 Fund depending on investment conditions and how close the Dynamic 100 Fund's unit price is to its Protected Price. You should note that, if the Eagle Star Dynamic Fund performs poorly, it is possible for the Dynamic 100 Fund to be fully invested in cash, limiting the potential for future growth.

Eagle Star has entered into contracts with Barclays Bank plc ('Barclays') designed to provide to Eagle Star, together with the other assets of the Dynamic 100 Fund, amounts sufficient to fund the return on the Dynamic 100 Fund as well as the Assured Price and the Protected Price. Your contract is with Eagle Star only and you do not have any contract with Barclays or any recourse to it or to any assets of the Dynamic 100 Fund. In the event that Barclays does not meet its obligations to Eagle Star, or the return to Eagle Star on the Barclays contracts and the other assets of the Dynamic 100 Fund is otherwise insufficient to enable it to meet claims in respect of the Dynamic 100 Fund, no other assets of Eagle Star shall be used to make up the difference. Eagle Star's obligations in respect of the return on the Dynamic 100 Fund, including the Assured Price and the Protected Price, are limited accordingly and the benefits payable in respect of your policy will reflect this.

Barclays is rated 'AA' or 'Very Strong' for financial strength by credit rating agency Standard & Poor's (as at March 2007). Barclays is authorised and regulated by the U.K. Financial Services Authority. In certain circumstances, Eagle Star can replace Barclays with another financial institution.

2. What happens if you want to cash in the policy early or stop paying premiums?

- (i) This policy acquires an encashment value immediately.
- (ii) Please note that policy values are related to the value of the underlying investments and are therefore not guaranteed save as specifically set out in Section 1 part (v). The value of the underlying investments can fall in value as well as rise. In particular, early surrender of the policy may result in a return less than the premium paid.

3. What are the projected benefits under the policy?

Illustrative table of projected benefits and charges

	A	B	C	D = A + B - C	E
End of Year	Total amount of premiums paid into the policy to date E	Projected investment growth to date E	Projected expenses & charges to date E	Projected policy value (before payment of tax) E	Projected policy value (after payment of tax) E
1	20,000	990	1,673	19,317	19,317
2	20,000	2,007	1,948	20,059	20,046
3	20,000	3,053	2,225	20,828	20,638
4	20,000	4,127	2,503	21,624	21,250
5	20,000	5,230	2,783	22,447	21,884
6	20,000	6,364	3,064	23,300	22,541
10	20,000	11,220	4,987	26,233	24,799
15	20,000	18,080	8,036	30,044	27,734
20	20,000	25,937	11,528	34,409	31,095

The premium payable includes the costs of all charges, expenses and intermediary/sales remuneration. The effect of deductions is to reduce the projected investment yield by 2.3% per annum.

Important: These illustrations assume a gross investment return of 5% per annum. This rate is for illustration purposes only and is not guaranteed. Actual investment growth will depend on the performance of the underlying investments and may be more or less than illustrated.

4. What intermediary/sales remuneration is payable?

Illustrative table of intermediary/sales remuneration

End of year	Premium payable in that year E	Projected total intermediary/sales remuneration payable in that year E
1	20,000	903
2	0	105
3	0	108
4	0	111
5	0	115
6	0	118
10	0	131
15	0	150
20	0	172

5. Are returns guaranteed and can the premium be reviewed?

Please note that the sample illustrations above assume a rate of return on investment. This rate is for illustration purposes only and is not guaranteed. Actual investment growth will depend on the performance of the underlying investments and may be more or less than illustrated. Certain guarantees apply to investments in the Dynamic 100 Fund. These are described in Section 1 part (v).

6. Can the policy be cancelled or amended by the insurer?

- (i) The policy can normally only be cancelled or materially amended by Eagle Star as a result of changes required by government legislation and/or requirements imposed by the Revenue Commissioners.
- (ii) Eagle Star has the right to increase the level of the management charge deducted from your policy in certain circumstances. These circumstances are described in the policy document, which you will receive when your

policy is issued. A copy of the policy document is available from Eagle Star on request. Eagle Star will inform you in writing at least three months before any change in this charge is made.

7. Information on taxation issues

Taxation of Investment Funds

Eagle Star's investment funds are exempt from tax. As such, they are not subject to capital gains tax or income tax. Withholding taxes may, however, be deducted at source from dividends and other income arising from investments in certain countries in which the funds invest. In most cases, part or all of these withholding taxes can be reclaimed, but where they cannot, the income of the funds will be reduced by such taxes.

Taxation of Your Investment Policy

Whenever monies are paid out of your policy (on death, encashment, partial encashment or by assignment), tax is payable on any gains made. A tax on gains will also be payable every eight years. Eagle Star will deduct the tax from your policy and pay it to the Revenue Commissioners. The rate of tax (currently 23%) is equal to the standard rate of income tax plus 3%. The Death Benefit may also be taxable as part of your estate in the same manner as the other assets of your estate.

8. Additional information about your policy

(i) Descriptions of benefits and options

Partial Encashment

You can encash part of your policy at any time provided the partial encashment is at least €1,000. There is a charge for a partial encashment. This charge is currently €20 and was last set on 1st January 2005. It is guaranteed not to increase by more than the increase in the Consumer Price Index since the charge was last set. If you encash part of your policy before your policy is at least six years in force, an early encashment charge also applies. The early encashment charge will be as follows:

- Year 1: 6% of the partial encashment amount
- Year 2: 5% of the partial encashment amount
- Year 3: 4% of the partial encashment amount
- Year 4: 3% of the partial encashment amount
- Year 5: 2% of the partial encashment amount
- Year 6: 1% of the partial encashment amount

The Assured Price, which applies only on 3rd July 2013, will be of no value to you in respect of full encashments made on any other date.

Full Encashment

You may choose to make a full encashment of your policy at any time. If you make a full encashment of your policy before it is at least six years in force, an early encashment charge will apply. The early encashment charge will be as follows:

- Year 1: 6% of the full encashment amount
- Year 2: 5% of the full encashment amount
- Year 3: 4% of the full encashment amount
- Year 4: 3% of the full encashment amount
- Year 5: 2% of the full encashment amount
- Year 6: 1% of the full encashment amount

The Assured Price, which applies only on 3rd July 2013, will be of no value to you in respect of partial encashments made on any other date.

Death Benefit

The Death Benefit on your policy is the value of your unit account at the date of notification of death. Eagle Star will pay the death benefit on proof that both of the lives insured have died in the case of a joint life policy, or in the case of a single life policy, on proof that the life insured has died.

Regular Income

You can choose a regular income at outset that is a percentage of the value of your Eagle Star Guaranteed Dynamic 100 Bond at the date of payment or a regular income that is fixed in monetary terms. The maximum regular income

you may take is 7.5% per annum of the value of your unit holding. You can choose to have your regular income paid monthly, quarterly, half-yearly or yearly in arrears. The minimum amount that Eagle Star will pay in regular income regardless of the frequency of payment is currently €200. If you select this income option, Eagle Star will encash enough units to pay the income you request, provided there are enough units to pay the requested income each time. Units will be encashed at the ruling Bid Price. Your regular income facility will cease if the value of your unit account falls below €2,500 or would do so if the regular income were to be paid. Eagle Star will not apply any early encashment charge to regular income taken in this manner. Any income paid to you will be treated as a partial encashment of your Guaranteed Dynamic 100 Bond for taxation purposes and so will be subject to Exit Tax.

(ii) Term of the policy

The policy is an investment plan that is designed to last for the whole of life.

(iii) Circumstances under which the policy may be terminated

In the event that you wish to terminate the contract, you should write to your Insurance Broker/Advisor or Eagle Star, quoting your policy number and you will be advised of the options available in accordance with the terms and conditions of the policy.

(iv) Satisfaction period

On receipt of your policy documentation, you will have an opportunity to cancel the policy if you feel it will not meet your needs. To do this, you must return your Policy Document, Policy Certificate and a signed cancellation request to Eagle Star within 30 days. On receipt of the above, Eagle Star will refund all the premiums paid on your policy and Eagle Star's liability for any benefits will cease. Eagle Star may adjust any single premium refunded for any negative fluctuations in investment markets during this period.

(v) Law applicable to the policy

The information or any part of it contained in this notice does not form part of a contract of insurance between you and Eagle Star Life Assurance Company of Ireland Limited. The terms and conditions of your contract with Eagle Star are governed by the Law of the Republic of Ireland and will be contained in your Policy Document and accompanying Policy Certificate. Your Policy Document is evidence of a legal contract.

(vi) Eagle Star's complaints procedure

Eagle Star has an unrivalled reputation for excellence in the insurance industry. Whether you are a policy owner, beneficiary or an insured person, and are not satisfied in any way with this policy, you should contact Eagle Star Customer Services. If Eagle Star is unable to satisfy your complaint, you may have recourse to the Financial Services Ombudsman's Bureau. Details of the services provided by the Financial Services Ombudsman can be given by Eagle Star upon request.

Eagle Star Customer Services

Tel: (01) 799 2711

Fax: (01) 799 2890

E-mail: customerservices@eaglestarlife.ie

Useful Contacts

The Irish Insurance Federation,
39 Molesworth Street, Dublin 2.
Tel: (01) 676 1820

Financial Services Ombudsman's Bureau,
3rd Floor, Lincoln House,
Lincoln Place, Dublin 2.
LoCall: 1890 88 20 90

The Financial Regulator,
PO Box 9138,
College Green,
Dublin 2.
Tel: (01) 410 4000

B. Information about the insurer, Financial Advisor/ sales employee and service fee

This part of the guide provides information about Eagle Star, your Financial Advisor and any service fee that he/she may charge you in respect of the product described in this guide.

1. Information about Eagle Star

Eagle Star Life Assurance Company of Ireland Limited is a limited liability company registered in Ireland under number 58098 and licensed by the Department of Enterprise, Trade and Employment to transact life business in Ireland. Eagle Star is registered for Value Added Tax (VAT) under registration number 1410723M. Eagle Star's head office is situated at the address given below:

Eagle Star House, Frascati Road, Blackrock, Co. Dublin.
Tel: (01) 283 1301 Fax: (01) 283 1578
Website: www.eaglestarlife.ie

For further information on your policy, please contact:
Customer Services
Tel: (01) 799 2711 Fax: (01) 799 2890
E-mail: customerservices@eaglestarlife.ie

2. Information about the Financial Advisor

The name and status of the Financial Advisor and the nature of the relationship with Eagle Star is as follows:

Financial Advisor Details

Name:	<input type="text"/>		
Correspondence Address:	<input type="text"/>		
Legal Form (Self-employed/Company/Partnership etc.):	<input type="text"/>		
Name of Sales Employee (where applicable):	<input type="text"/>		
Tel:	<input type="text"/>	Fax:	<input type="text"/>
E-Mail:	<input type="text"/>		

Financial Advisor's Agency Agreement with Eagle Star

Broker Insurance Agent* Tied Agent* Employee

* If agent, please state with what other insurance companies you have an agency.

3. Information on the service fee charged by your Financial Advisor

None OR As per written details supplied by your Financial Advisor



EAGLE STAR

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Intended for distribution within the Republic of Ireland.

The tax and legislative information contained herein is based on Eagle Star's understanding of current practice as at April 2007 and may change in the future.

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Print Ref: ICG19 04/07
Product Ref: MAP