

A man and a woman are shown from the chest up, wearing outdoor jackets. The man is on the left, wearing a dark blue jacket over a blue and white plaid shirt. The woman is on the right, wearing a dark plaid jacket and a light-colored scarf. They are both looking towards the camera. The background is a blurred green foliage. An orange square is located in the top right corner of the page.

Prudential's Variable
Appreciable Life
Insurance Policy

OWNER'S GUIDE



Prudential

As of November 12, 2001 Variable Appreciable Life (VAL) was no longer issued for sale. VAL was issued by The Prudential Insurance Company of America, Pruco Life Insurance Company (except in New York and New Jersey) and/or Pruco Life Insurance Company of New Jersey (in New York and New Jersey). All VAL was offered by prospectus and distributed by Pruco Securities, LLC (member SIPC). All are Prudential Financial companies located in Newark, NJ, and each is solely responsible for its own financial condition and contractual obligations. Guarantees are backed by the claims-paying ability of the issuing company and do not apply to the underlying investment options.

Investors should consider the contract and the underlying portfolios' investment objectives, risks, charges and expenses carefully before investing. This and other important information is contained in the prospectuses, which can be obtained from your financial professional. You should read the prospectuses carefully before investing.

A periodic investment plan such as Dollar Cost Averaging does not guarantee a profit nor remove the risk of a loss in a declining market. Such a plan involves a continuous investment in securities regardless of fluctuating price levels of such securities. An investor should consider his/her financial ability to continue participating in such a plan during periods of low levels.

It is important to remember that it is possible to lose money when investing in securities.

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This brochure must be preceded or accompanied by a current prospectus.



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Your Variable Appreciable Life (VAL) Insurance Policy

Years ago, you purchased a Variable Appreciable Life (VAL) insurance policy.

Your policy was issued by The Prudential Insurance Company of America, Pruco Life Insurance Company, or Pruco Life Insurance Company of New Jersey (collectively "Prudential"). By choosing Prudential you put more than a century of experience to work for you. That experience went into the design of your VAL policy. VAL is an attractive policy combining the best features of traditional whole life, variable life and universal life insurance. It offers you permanent life insurance protection with flexible premium payments and a choice of investment options.

Your VAL is first and foremost a life insurance policy; it provides a valuable death benefit. When the insured person dies, the death benefit is payable to the named beneficiary(ies).

We have prepared this Owner's Guide to remind you of the many features and benefits provided by your VAL policy. It does not replace your policy or the prospectus you received. It has been designed to help you take advantage of your policy's many benefits. We know achieving your insurance and financial security objectives is very important, and we believe your VAL policy can help you meet them.

Your Variable Appreciable Life (VAL) Insurance Policy



What is so special about a Variable Appreciable Life (VAL) policy?

Your VAL policy provides permanent life insurance protection. It does not end at a specific date in the future, like term insurance. It will continue to insure your life for as long as you choose. It also gives you flexibility of premium payments and choices of investment options. All of this means you decide how your VAL policy will work for you.

Although there is a scheduled premium, VAL allows you to pay more or—under some circumstances—less than the scheduled premium. How much premium you decide to pay will directly affect the values of your policy. In other words, you can influence how much your policy will be worth in the future.

Your VAL policy lets you choose how to allocate the invested premium amount among various investment options. The future performance of the options you choose will also affect your policy's values. Any growth in your policy's cash value is on a tax-deferred basis.

This Owner's Guide reviews how your VAL policy lets you choose:

- What premiums you pay
- When you pay them
- How your policy's net premiums are invested
- How and when you can access the cash values of your policy

What premiums do I have to pay?

There are scheduled premiums for your policy. Generally, you can pay more than the scheduled premiums if you wish (subject to certain limitations), in which case your policy's values will reflect the additional payment.

After your policy has been in force for some time, you may be able to pay less than the scheduled premiums. You may, in fact, be able to skip some premiums or stop paying premiums altogether. However, this may not be an appropriate choice. Your VAL policy offers a guarantee against lapse that is dependent upon the premiums you pay. This guarantee is in effect when the premiums you have paid (accumulated at 4%) equal or exceed your scheduled premiums due (also accumulated at 4%) and you make no withdrawals. When in effect, your policy is guaranteed not to lapse due to unfavorable investment performance. It may still lapse because of excess contract debt (meaning any outstanding policy loan equals your policy's cash value).

Guarantees are backed by the claims-paying ability of the issuing company and do not apply to the underlying investment options.

If, at any time, your accumulated premiums paid fall below the accumulated premiums due, the guarantee will no longer protect the policy from investment performance. This means your policy is dependent upon the results of your chosen investments, which are not guaranteed, to keep the policy in force. If this occurs, you can restore the guarantee against lapse by making up any unpaid premiums plus interest to equal or exceed the current accumulated premiums due.

Additional Premiums

The flexibility of VAL's premium structure means you can pay additional or non-scheduled premiums. If you wish, we will even bill you for these extra amounts. Any extra payments can enhance your policy's value. There are some upper limits on how much you can pay without losing some of the valuable tax advantages of your policy. We may also refuse additional payments that increase the death benefit by more than they increase the Contract Fund.



What happens if I don't pay a premium?

Your VAL will work best if you pay all your premiums when they are due. However, just because you don't pay a premium, your VAL policy will not necessarily lapse. There may be enough excess cash value in the policy to pay the monthly charges and keep the policy going for some time, although this is not guaranteed.

Your VAL policy can lapse only if you haven't paid all premiums when due *and* the policy's value falls below a certain level. We check your policy each month to see if it is in danger of lapsing. If it is, we will write and tell you how much money you need to pay to keep the policy in full force. Generally, there are two amounts mentioned in this letter: one represents the unpaid premiums; the other is the amount needed to bring the policy's cash value up to the minimum amount required (known as Tabular Contract Fund. See Glossary).

You can pay either of the amounts within 61 days of when we write to you. At the end of the 61 days, if you haven't paid enough, the policy will lapse.

If your policy lapses, you can reinstate it by paying all of the back due premiums plus interest and giving us the evidence of good health we request. If you do not reinstate the policy, there may be some continuing insurance coverage based on the cash value of your policy.

Will my premiums ever change?

Premium Change

When we designed VAL, we built in a premium change date (at age 65, or seven or 10 years after issue, depending on your policy type. Check your prospectus for more information). This design means you were able to purchase more permanent insurance coverage for each dollar of initial scheduled premium than you could have under a comparable level premium policy.

On your premium change date, we look at your policy and calculate a new scheduled premium. The new scheduled premium amount will be lower than the maximum amount stated in your policy if, on the premium change date, your Contract Fund (net of any excess premium) is higher than it would have been had:

- (1) all scheduled premiums been paid when due,
- (2) maximum contractual charges been deducted, and
- (3) a net rate of return of 4% been earned. We guarantee the premium will never be more than the ultimate premium shown in your policy, but it may be higher than the initial scheduled premium. Payment of the new scheduled premium when due (net of withdrawals and withdrawal charges) will guarantee your policy cannot lapse due to poor investment results.

Depending on your policy's performance after the premium change date, it may be possible to pay less than the new scheduled premium. We can't guarantee it, however, because we can't predict how your chosen investment options will perform or that our charges will always remain at the level in effect when you purchased the policy.

Your Variable Appreciable Life (VAL) Insurance Policy

How can I find out how the cash value of my policy is doing?

Annual Statement

Shortly after each policy anniversary, we will send you a statement on your policy. The statement is a very detailed report on all of the activity that occurred during the year. It lists, for example:

- Your current death benefit
- The policy's cash value
- Your Contract Fund (investment) value
- Accumulated net premium payments and accumulated premiums due
- Your investment options profile
- Net estimated investment rate of return
- How much money you sent us
- Month-by-month changes in the value of your investment options

In short, it is a statement of amounts received, account activity, deductions, and balances. The policy's values fluctuate with the rise and fall of your chosen investment options. Your annual statement will reflect these fluctuations in value. We strongly recommend that you review your statement each year to ensure you are adequately funding your policy.

Your annual statement is a great source for information on the value of your policy. Be sure to keep it in a safe place. You can also request a statement of value at any time by calling our Customer Service Office. The statement will show the cash and loan value, death benefit, and status of your policy as well as any supplementary benefits offered by your policy. [You can also register at prudential.com](https://www.prudential.com) and gain access to information on your policy.

Annual and Semiannual Reports

At the end of February and August each year, we will send you a report on the investments in The Prudential Series Fund. The Series Fund portfolios are the underlying variable investment options in VAL. The Annual Report, published in February, covers the previous calendar year. The August report covers the first six months of the current year.

These reports show the performance of the portfolios, list the investments, and detail the finances of each portfolio.

How can I access the cash value of the policy?

There may be times when you need money for opportunities or unforeseen events. VAL provides two ways to access policy funds: withdrawals and loans.

Withdrawals

Taking a withdrawal is the same as removing premiums paid into the policy and, therefore, may affect your guarantee against lapse. If you withdraw more than your excess premiums, you will be vulnerable because you lose your guarantee against lapse. Funds removed through a fund withdrawal can be repaid as unscheduled premium payments, subject to state premium tax and processing charges.

If you have a variable death benefit policy, you can make a withdrawal from your policy by sending us a completed disbursement request form. You can obtain the form and find out how much is available by calling our Customer Value Center at 877-474-1025. Any withdrawal from a variable death benefit reduces its value by the amount withdrawn. It also reduces the death benefit, but never to less than the policy's face amount.



Withdrawals from a policy with a level death benefit are in the form of partial surrenders. This means the face amount of your policy is reduced by the amount of the withdrawal and, during the first 10 years of the policy, some surrender charges will apply. In this case, you must send us the completed proper request form. You cannot make a withdrawal if it would reduce the face amount of the policy below the minimum issue amount shown on page 3 of your policy.

Withdrawals from either type of policy may be taxable under some circumstances. If the policy is a modified endowment contract (MEC), there may also be a 10% federal tax penalty. A fee is charged for a withdrawal.

Loans

You can also access policy funds through a loan.

A loan reduces the policy's death benefit and values by the amount of the loan and any accrued unpaid interest. It can also reduce the net death benefit below the face amount. Loans work the same way for both level and variable death benefit policies, and they are generally not taxable. If the policy is a modified endowment contract (MEC), there may be tax liability and an additional 10% federal tax penalty.

We charge you interest on any loan. The amount of interest depends on whether you have a fixed-loan interest rate or variable-loan interest rate. (Refer to your policy to find out which one you have.)

If you have the fixed-loan interest rate, we will charge you 5.5% per year. If you don't pay the interest, we will add it to the loan. However, we will credit your policy with 4% annual interest on the loan amount. So, in effect, the net cost to you is 1.5%.

The variable-loan interest rate works in a similar way. However, the rate we charge you each year is based on an independent bond index and is almost

always higher than 5.5%. For variable-loan rate policies, we credit your policy with only 1% less than the rate we charge you.

Your annual statement will reflect the amount of interest charged and credited on any loan.

Also, because loans are repaid directly to your contract fund, they are not subject to premium charges and premium taxes.

Except for loans from a MEC, loans are not taxable at the time you borrow the money. However, if a loan is outstanding when the policy is surrendered or when it lapses, the borrowed amount may be taxable.

Prudential is required by law to report any taxable gain the policyowner has under a life insurance policy. In general, amounts received over the life of the policy become taxable at the point where they exceed the cost basis of the policy. Cost basis is comprised of the premiums paid for the basic life coverage for the primary insured. The IRS does not consider premiums paid for supplemental benefits, such as waiver of premium, accidental death benefit and spouse/child protection, to be premiums paid for the life insurance policy. Therefore, the portion of the premium used to support waiver of premium, accidental death benefit and spouse/child protection is not included in the cost basis.

The cost basis of the policy is the premiums paid to date less amounts previously received tax-free.

At the time of surrender or lapse, Prudential will use some or all of the cash value to repay the loan, plus any interest due. Under tax law, the value used for repayment of the loan is treated as an amount received. This amount is taxable to the extent that it exceeds the cost basis of the policy. Please note that, even if paying past-due premiums reinstating this policy, under IRS rules there will still be taxable gain in the year the policy lapsed.

Your Variable Appreciable Life (VAL) Insurance Policy

How much cash value will my policy have?

We can't tell you exactly what your policy will be worth in the future. The value of your policy depends on:

- How much and when you pay scheduled and any additional premiums
- How much we charge for the cost of insurance and expenses
- How your chosen investment options perform
- How much, if anything, you withdraw or borrow from the policy

Your policy is designed to last a lifetime. It works best if you pay all the scheduled premiums when due.

How are distributions from my policy taxed?

The taxation of life insurance policies can be a complex subject and, of course, can change. Most policies owned by individuals enjoy certain tax advantages. What follows is a general overview of how policy proceeds are taxed, so consult your own tax advisor for specific information. Prudential and its representatives do not give tax or legal advice.

Beneficiaries generally receive the death benefit proceeds free of federal income tax. (Please refer to IRC Section 101(a).) However, the proceeds may be subject to inheritance or estate taxes at the federal or state level.

While your policy is in force, any growth from favorable investment performance within the policy is tax-deferred, under current tax law.

Withdrawals are generally taxed on an "income last" or "gains last" basis. That means the money first withdrawn from your policy is considered a return of premium and is not taxable. Once you have withdrawn an amount equal to the total premiums you have paid, then future withdrawals will be considered gains and will be taxed as ordinary income. If the policy is a modified endowment contract (MEC), current distributions (including withdrawals, loans, and assignments) and distributions during the two prior years are subject to tax on an "income first" basis. This means the money first distributed from your policy is treated as a distribution of income or gain and is taxable. Also, distributions from a MEC are generally subject to a 10% federal tax penalty.

Except for loans from a MEC, loans are not taxable at the time you borrow the money. However, if a loan is outstanding when the policy is surrendered or when it lapses, the borrowed amount is taxable at that time as ordinary income to the extent there is a gain in the policy. Any outstanding loan will be deducted from the death benefit when the insured dies. As mentioned, the death benefit is not subject to federal income tax.

If you surrender or cash in your policy, any gain will be taxed as ordinary income. The gain is the difference between the premiums you paid (reduced by any prior distributions/withdrawals that were not taxable) and the cash value of your policy.

There are some circumstances that can significantly alter the tax treatment of loans and withdrawals, such as paying large unscheduled premiums. Also, transferring ownership of your policy may have tax consequences. You should consult your personal tax advisor on such issues.



Can I change my investment options?

Each time you pay a premium, the net amount will be invested in the investment options you have chosen. You can change the allocation of future premium payments at any time. You can also direct a single payment to a selected portfolio without changing your future allocations. To make this “one time” allocation, you must send your premium payment (minimum \$25) with a completed transfer/reallocation form, so we know how to allocate this payment.

To reallocate future net premiums, you can register on prudential.com and safely and securely reallocate future net premiums online, or you can request the transfer/reallocation form by phone. The toll-free number is listed on page 3 of your annual statement.

If you are interested in establishing an automatic dollar cost averaging program, please contact our Customer Service Office. There is no fee for this service, and automatic dollar cost averaging transfers do not count in the four free investment option transfers you’re allowed each year.

Who should I call if I have questions?

If you have questions about servicing your policy, please call our Customer Service Office at 800-778-2255.

If you have questions specific to the VAL product you’ve purchased, or the status of your policy, please call our Customer Value Center at 877-474-1025.

Also keep in mind your Annual Statement is a great place to go to see the entire picture and is often a starting point for discussion. Don’t hesitate to call.



Glossary of Life Insurance Terms



Contract Fund – This amount equals the total value of the variable investment options and the Fixed-Rate Option, plus the principal amount of any outstanding loan. For a detailed description of how the Contract Fund can vary each day, please refer to your policy.

Death Benefit – This is equal to the Policy Face Amount plus any Excess Death Benefit and Termination Dividend, if applicable. This is the amount (excluding any additional death benefits provided by riders) that would have been paid to the beneficiary(ies) if the Insured died on the date this value was calculated, and did not have an outstanding loan. The Death Benefit will be reduced by any charges due up to the date of death. Refer to your policy for more information.

Guarantee Against Lapse – The Guarantee Against Lapse states that, if all scheduled premiums are paid when due and no loans or withdrawals are made, the policy will not lapse regardless of investment performance.

Level Death Benefit – Generally, under this option, the death benefit remains level unless it begins to increase to meet the IRC definition of life insurance. This option provides a more rapid accumulation of cash values than the Variable Death Benefit.

Scheduled Premium – This is the basic premium as shown in your policy, plus charges for related taxes.

Tabular Contract Fund – This is approximately the amount the Contract Fund would be if: (1) Scheduled Premiums are paid when due; (2) earnings are exactly equal to 4% net for the life of the policy; (3) maximum contractual charges are deducted; and (4) no loan or withdrawals are taken. Refer to your policy for yearly tabular values.

Variable Death Benefit – Under this option, the death benefit can increase over the face amount on a dollar-for-dollar basis by excess of the actual Contract Fund over the Tabular Contract Fund. It provides a death benefit that can keep pace with changing needs.



