PROSPECTUS DATED 25 SEPTEMBER 2020

Phoenix Group Holdings plc

(incorporated with limited liability in England and Wales with registered number 11606773)

£5,000,000,000 Euro Medium Term Note Programme

Under the Euro Medium Term Note Programme described in this Prospectus (the "**Programme**") Phoenix Group Holdings plc ("**Phoenix**" or "**PGH**" or the "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue notes (the "**Notes**"). The Notes may be issued (i) as dated unsubordinated notes ("**Senior Notes**"), (ii) as dated subordinated notes with terms capable of qualifying as Tier 3 Capital (as defined in "*Terms and Conditions of the Tier 3 Notes*") ("**Tier 3 Notes**"), (iii) as dated subordinated notes with terms capable of qualifying as Tier 2 Capital (as defined in "*Terms and Conditions of the Tier 2 Notes*") ("**Dated Tier 2 Notes**") or as undated subordinated notes with terms capable of qualifying as Tier 2 Capital (as defined in "*Terms and Conditions of the Tier 2 Notes*") ("**Undated Tier 2 Notes**" and, together with the Dated Tier 2 Notes, the "**Tier 2 Notes**"). The Tier 2 Notes and the Tier 3 Notes are referred to collectively in this Prospectus as the "**Subordinated Notes**". The aggregate nominal amount of Notes outstanding will not at any time exceed £5,000,000,000 (or the equivalent in other currencies). Payments of interest and principal under the Subordinated Notes may be subject to optional or mandatory deferral in accordance with the terms of the relevant Series (as defined herein) of Subordinated Notes.

This Prospectus has been approved by the United Kingdom Financial Conduct Authority (the "**FCA**"), as competent authority under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") as a base prospectus (the "**Prospectus**") for the purposes of the Prospectus Regulation. The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or of the quality of the Notes that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes. Such approval only relates to the Notes which are to be admitted to trading on the London Stock Exchange plc's (the "**London Stock Exchange**") Regulated Market (the "**Market**") or other regulated markets for the purposes of European Council Directive 2014/65/EU, as amended ("**MiFID II**") and/or that are to be offered to the public in the United Kingdom or in any member state of the European Economic Area (the "**EEA**") in circumstances that require the publication of a prospectus.

This Prospectus (as supplemented as at the relevant time, if applicable) is valid for 12 months from its date in relation to the Notes which are admitted to trading on a regulated market in the United Kingdom or in the EEA. The obligation to supplement this Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Prospectus is no longer valid.

The Prospectus provides information with regards to Phoenix and the Group (being Phoenix and each of its consolidated subsidiaries (the "**Group**" and each a "**Group Company**" which expression shall, for any date occurring or period ending prior to 12 December 2018, include where the context so requires PGH Cayman (as defined below) and its consolidated subsidiaries)) which, according to the particular nature of Phoenix, the Group and the Notes is necessary to enable investors to make an informed assessment of the assets and liabilities, profits and losses, financial position and prospects of Phoenix and the Group, of the rights attaching to the Notes and of the reasons for an issuance of Notes and its impact on the Issuer.

Applications have been made to the FCA for Notes issued under the Programme (other than PR Exempt Notes (as defined below)) for the period of 12 months from the date of this Prospectus to be admitted to the official list of the FCA (the "**Official List**") and to be admitted to trading on the Market. The Market is a regulated market for the purposes of MiFID II. References in this Prospectus to Notes being "**listed**" (and all related references) shall mean that such Notes have been admitted to trading on the Market (or any other stock exchange) and have been admitted to the Official List. The relevant Final Terms (as defined herein) or Pricing Supplement (as defined herein) in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Official List and admitted to trading on the Market (or any other stock exchange). References in this Prospectus to "**PR Exempt Notes**" are to Notes for which no prospectus is required to be published pursuant to the Prospectus Regulation. Information contained in this Prospectus regarding PR Exempt Notes shall not be deemed to form part of this Prospectus and the FCA has neither approved nor reviewed information contained in this Prospectus in connection with the offering and sale of PR Exempt Notes. In the case of PR Exempt Notes, notice of the aforesaid information which is applicable to each Tranche (as defined herein) will be set out in a pricing supplement document ("**Pricing Supplement**"). Accordingly, in the case of PR Exempt Notes, each reference in this Prospectus to information being specified or identified in the applicable Final Terms shall be read and construed as a reference to such information being specified or identified in the applicable Pricing Supplement, unless the context requires otherwise.

Each Series of Notes in bearer form may be represented on issue by a temporary global note in bearer form (each a "**temporary Global Note**") or a permanent global note in bearer form (each a "**permanent Global Note**" and, together with a temporary Global Note, a "**Global Note**"). Notes in registered form will be represented by registered certificates (each a "**Certificate**"), one Certificate being issued in respect of each Noteholder's (as defined herein) entire holding of Registered Notes (as defined herein) of one Series. Certificates representing Registered Notes that are registered in the name of a nominee or a common nominee, as the case may be, for one or more clearing systems are referred to as "**Global Certificates**". In the case of Senior Notes, if the relevant Global Note is stated in the applicable Final Terms to be issued in New Global Note ("**NGN**") form, the Global Notes will be delivered on or prior to the original issue date of the relevant Tranche to a common safekeeper (the "**Common Safekeeper**") for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream, Luxembourg**"). Global Notes which are not issued in NGN form ("**Classic Global Notes**" or "**CGNs**") and Certificates will be deposited on the issue date of the relevant Tranche with a common depositary on behalf of Euroclear and Clearstream, Luxembourg (the "**Common Depositary**"). In the case of Senior Notes, if the relevant Global Certificates are stated in the applicable Final Terms to be issued under the New Safekeeping Structure ("**NSS form**"), the Global Certificates will be delivered on or prior to the original issue date of the relevant Tranche to the Common Safekeeper for Euroclear and Clearstream, Luxembourg. The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in "*Overview of Provisions Relating to the Notes while in Global Form*".

Series of Notes to be issued under the Programme may be rated or unrated. Where a Series of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to the Programme or Notes already issued. Where a Series of Notes is rated, the applicable rating(s) will be specified in the applicable Final Terms. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension,

reduction or withdrawal at any time by the assigning rating agency.

In the case of any Notes which are to be admitted to trading on a regulated market in the United Kingdom or within the EEA or offered to the public in the United Kingdom or a member state of the EEA in circumstances which require the publication of a prospectus under the Prospectus Regulation, the minimum denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes).

Prospective investors should have regard to the section headed "*Risk Factors*" starting on page 24 of this Prospectus for a discussion of factors which may affect the Issuer's ability to fulfil its obligations in respect of Notes issued under the Programme and factors which are material for the purpose of assessing the market risks associated with the Notes issued under the Programme.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any State or other jurisdiction of the United States (the "**United States**" or "**U.S.**") and the Notes may include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered or sold or, in the case of Notes in bearer form, delivered within the U.S. or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")).

Interests in a temporary Global Note will be exchangeable, in whole or in part, for interests in a permanent Global Note on or after the date 40 days after the later of the commencement of the offering and the relevant issue date (the "**Exchange Date**"), upon certification as to non-U.S. beneficial ownership.

Arranger

Citigroup

Phoenix accepts responsibility for the information contained in this Prospectus and (as applicable) the Final Terms relating to any Series of Notes. To the best of the knowledge of Phoenix, the information contained in this Prospectus is in accordance with the facts and the Prospectus makes no omission likely to affect its import.

Relevant third party information has been extracted from sources as specified in this Prospectus. Phoenix confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*" below). Other than in relation to the documents which are deemed to be incorporated by reference (see "*Documents Incorporated by Reference*" below), the information on the websites to which this Prospectus refers does not form part of this Prospectus and has not been scrutinised or approved by the FCA.

No person has been authorised to give any information or to make any representation other than those contained in this Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by Phoenix or the Arranger or any Dealer (as defined in "*Overview of the Programme*" below). Neither the delivery of this Prospectus nor the offering, sale or delivery of any Notes made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of Phoenix since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented, or that there has been no adverse change in the financial position of Phoenix since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented, or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS: If the Final Terms in respect of any Notes (or Pricing Supplement, in the case of PR Exempt Notes) includes a legend entitled "Prohibition of Sales to EEA and UK Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA or in the United Kingdom (the "UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation"), for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

MiFID II product governance / target market – The Final Terms in respect of any Notes (or Pricing Supplement in the case of PR Exempt Notes) may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "MiFID Product Governance Rules"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor any Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

The distribution of this Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by Phoenix, the Arranger and the relevant Dealer(s) to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any State or other jurisdiction of the United States and may include Notes in bearer form that are subject to United States tax law requirements. Subject to certain exceptions, Notes may not be offered or sold or, in the case of Notes in bearer form, delivered within the United States or to, or for the account or benefit of, United States persons (as defined in Regulation S).

The Notes are being offered and sold outside the United States to non-United States. persons in reliance on Regulation S. For a description of these and certain further restrictions on offers and sales of Notes and on distribution of this Prospectus, see "*Subscription and Sale*".

The Notes have not been approved or disapproved by the United States Securities and Exchange Commission, any State securities commission in the United States or any other United States regulatory authority, nor has any of the foregoing authorities passed upon or endorsed the merits of the offering of Notes or the accuracy or the adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of Phoenix, the Arranger or any Dealer to subscribe for, or purchase, any Notes.

Save for Phoenix, no other person has separately verified the information contained herein. To the fullest extent permitted by law, none of the Arranger or any Dealer or the Trustee makes any representation, express or implied, nor accepts any responsibility for the accuracy or completeness of the contents of this Prospectus or for any other statement, made or purported to be made by the Arranger, the Trustee or a Dealer or on its behalf in connection with Phoenix or the issue and offering of the Notes. The Arranger, the Trustee and each Dealer accordingly disclaims all and any liability to any investor whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Prospectus or any such statement in connection with the offering of the Notes or their distribution. No Dealer shall be responsible for, or for investigating, any matter which is the subject of, any statement, representation, warranty or covenant of the Issuer contained in the Notes, or any other agreement or document relating to the Notes or for the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence thereof. Neither this Prospectus nor any other information supplied in connection with the Programme or the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by Phoenix, the Arranger, the Trustee or any Dealer that any recipient of this Prospectus or any other information supplied in connection with the Programme or the Notes should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Prospectus or any other information supplied in connection with the Programme or the Notes and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Trustee, the Arranger or any Dealer undertakes to review the financial condition or affairs of Phoenix during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any Dealer, the Trustee or the Arranger.

In connection with the issue of any Tranche, the Dealer or Dealers (if any) named as the stabilising manager(s) (the "Stabilising Manager(s)") (or any person acting on behalf of any Stabilising Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes of the Series of which such Tranche forms part at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the Final Terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the relevant Dealer(s) or any parent company or affiliate of the relevant Dealer(s) is a licensed broker or dealer in such jurisdiction, the offering shall be deemed to be made by the relevant Dealer(s) or such parent company or affiliate on behalf of the Issuer in such jurisdiction.

Benchmark Regulation

Interest and/or other amounts payable under the Notes may be calculated by reference to certain reference rates. Any such reference rate may constitute a benchmark for the purposes of Regulation (EU) 2016/1011 (the "Benchmark Regulation"). If any such reference rate does constitute such a benchmark, the Final Terms or the Pricing Supplement, as applicable, will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("ESMA") pursuant to Article 36 (Register of administrators and benchmarks) of the Benchmark Regulation. Transitional provisions in the Benchmark Regulation may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the Final Terms or the Pricing Supplement, as applicable. The registration status of any administrator under the Benchmark Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the relevant Final Terms or the Pricing Supplement, as applicable, to reflect any change in the registration status of the administrator.

IMPORTANT INFORMATION

Cautionary note regarding forward-looking statements

This Prospectus includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Prospectus and include, but are not limited to, statements regarding the Group's intentions, beliefs or current expectations concerning, among other things, the Group's business, results of operations, financial position, prospects, dividends, growth, strategies and the asset management business.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the actual results of the Group's operations, its financial position and dividends, and the development of the markets and the industries in which the Group operates may differ materially from those described in, or suggested by, the forward-looking statements contained in this Prospectus. In addition, even if the Group's results of operations and financial position, and the development of the markets and the industries in which the Group operates, are consistent with the forward-looking statements contained in this Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. A number of risks, uncertainties and other factors could cause results and developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation:

- risks stemming from the economy and the performance of financial markets generally;
- risks stemming from the occurrence of epidemics and pandemics;
- the Group (as defined herein) failing to integrate past or prospective acquisitions successfully and/or in a timely manner;
- changes in the legal and regulatory environment in which the Group operates;
- the FCA, the PRA or other regulators intervening in the Group's business on industry wide issues;
- restrictions on the ability to pay dividends, or a failure to pay dividends according to the Group's dividend policy;
- management of PGH being distracted or overstretched by the process of integrating and managing the Group;
- changes in regulatory capital requirements;
- changes in accounting standards or in actuarial assumptions;
- the Group failing to maintain the availability of its systems and to safeguard the security of its data;
- risk management policies and procedures being ineffective;
- further contributions, in addition to those already agreed, being required to be made to the Group's defined benefit pension schemes;

- third party asset management firms that manage the Group's assets underperforming or difficulties arising from the Group's outsourcing relationships;
- third party reinsurers being unwilling or unable to meet their obligations under reinsurance contracts;
- legal and arbitration proceedings;
- the level of the Group's indebtedness;
- changes in taxation law, including future changes in the tax legislation affecting specific products offered by the Group and changes to the VAT rules; and
- other factors discussed in the section of this document headed "*Risk Factors*".

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this Prospectus reflect the Group's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group's business, results of operations, financial condition, prospects, dividends, growth, strategies and the asset management business. Investors should specifically consider the factors identified in this Prospectus, which could cause actual results to differ, before making an investment decision. Subject to the requirements of the listing rules, issued by the FCA under Part VI of FSMA (the "**Listing Rules**", the Prospectus Regulation Rules of the FCA, Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 and the Disclosure Guidance and Transparency Rules produced by the FCA and forming part of the book and rules and guidance maintained by the FCA (the "**FCA Handbook**"), Phoenix undertakes no obligation publicly to release the result of any revisions to any forward-looking statements in this Prospectus that may occur due to any change in Phoenix's expectations or to reflect events or circumstances after the date of this Prospectus.

Presentation of financial information

Financial information in this Prospectus, unless relating to ReAssure (as defined below) or unless otherwise stated, has been extracted without material adjustment from the Annual Report and Accounts of the Group for the years ended 31 December 2019 and 2018 and the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2020. Where information has been extracted from the consolidated historical financial information of the Group, the information is audited unless otherwise stated.

In respect of ReAssure, (a) the consolidated historical financial information of ReAssure Midco Limited and its subsidiary undertakings for the three years ended 31 December 2018 (the "**ReAssure Group Historical Financial Information**") and (b) the accountant's report in relation to the ReAssure Group Historical Financial Information, each as set out in the section entitled "Annex 3" of the Supplement (as defined below), has been incorporated by reference into this Prospectus.

Unless otherwise indicated, financial information for the Group in this Prospectus and the information incorporated by reference into this Prospectus is presented in pounds sterling and has been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board.

The financial information presented in a number of tables in this Prospectus has been rounded to the nearest whole number or the nearest decimal. Therefore, the sum of the numbers in a column may not conform exactly to the total figure given for that column. In addition, certain percentages presented in the tables in this Prospectus reflect calculations based upon the underlying information prior to rounding, and, accordingly,

may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

References to "**Solvency II**" in this Prospectus are to the Directive on the taking up and pursuit of the business of insurance and reinsurance (Solvency II) (2009/138/EC) and implementation measures in respect thereof, establishing a new regime in relation to solvency requirements and other matters affecting the financial strength of insurers and reinsurers in the EU, as amended from time to time.

Presentation of certain key performance indicators and targets

Certain key performance indicators and targets referred to in this Prospectus are unaudited non-GAAP measures that are used by the Group, including those described below:

- ***Assets Under Administration ("AUA")***: The Group's assets under administration represents assets administered by or on behalf of the Group, covering both policyholder fund and shareholder assets. It includes assets recognised in the Group's IFRS consolidated statement of financial position together with certain assets administered by the Group for which beneficial ownership resides with customers.

- ***Operating Companies' Cash Generation ("Operating Companies' Cash Generation")***: Cash remitted by the Group's operating companies to the Group's holding companies.

- ***Solvency II Own Funds ("Own Funds")***: Own Funds are the aggregate of "basic Own Funds" (assets an insurer has on its balance sheet) and "ancillary Own Funds" (off-balance sheet resources that are loss absorbent, for example, unpaid share capital). All such assets are subject to eligibility criteria and weighting, as determined by reference to Articles 93 to 95 of Solvency II as well as to Articles 69 to 73, 76, 77, 79 and 82 of Commission Delegated Regulation (EU) 2015/35, as interpreted by the European Insurance and Occupational Pension Authority's ("**EIOPA**") "Guidelines on Own Funds" (BoS-14/168 EN). References to the Own Funds of a particular entity are references to the Own Funds held by an entity, whereas references to the Group's Own Funds, are references to the Own Funds within the scope of the Solvency II group.

- ***Solvency Capital Requirement ("SCR")***: This is the standard Own Funds level that a UK life insurer is required to maintain by the United Kingdom Prudential Regulation Authority ("**PRA**"). A separate calculation also applies to Solvency II groups. SCR is determined by reference to a basic standard formula set out in Articles 103–111 of Solvency II (the "**Standard Formula**"), however, an insurer may agree an amendment to the Standard Formula to create a bespoke calculation which more accurately reflects the risks applicable to that insurer, that amendment is achieved by way of an internal model (the "**Internal Model**"). Own Funds held to meet the SCR requirement (and any additional amendment or add-on approved by the PRA) are also referred to as "regulatory capital" and any reference to an increase or decrease in a regulatory capital requirement is a reference to an increase or decrease in the amount of regulatory capital an entity has to hold. The amount by which an SCR requirement is exceeded by Own Funds is referred to as the "**Solvency II Surplus**".

- ***Solvency II Shareholder Capital Coverage Ratio ("Shareholder Capital Coverage Ratio")***: This is the ratio of Solvency II Own Funds to SCR, excluding Solvency II Own Funds and SCR of unsupported with-profit funds and Group pension schemes. Unsupported with-profit funds and Group pension schemes refer to those funds whose Solvency II Own Funds exceed their SCR. Where a with-profit fund or Group pension scheme has insufficient Solvency II Own Funds to cover its SCR, its Solvency II Own Funds and SCR are included within the Shareholder Capital Coverage Ratio calculation.

Solvency and Financial Condition Reports

Since December 2017, the Group has held approval under a waiver from the PRA to prepare a single Group-wide Solvency and Financial Condition Report that contains the required information for the Group, PLL, PLAL, ALAC and PA(GI) Limited (each as defined below) and in 2019 this was extended to include the required information for SLAL and SLPF for the first time. The Group Solvency and Financial Condition Report is incorporated by reference in this Prospectus. At present this waiver does not extend to SLIDAC and as a result a separate Solvency and Financial Condition Report for SLIDAC is also prepared and incorporated by reference in this Prospectus. The ReAssure Solvency and Financial Condition Report is also incorporated by reference in this Prospectus, following completion of the ReAssure Acquisition (as defined below).

Currencies

In this Prospectus and the information incorporated by reference into this Prospectus, references to "**£**", "**sterling**" or "**GBP**" are to the lawful currency of the United Kingdom, references to "**US dollars**" or "**U.S.$**", are to the lawful currency of the United States, and references to "**Euro**", "**euro**" or "**€**" are to the euro, the European single currency which was introduced at the start of the third stage of the European Economic and Monetary Union, pursuant to the Treaty establishing the European Community (as amended from time to time).

No profit forecast

No statement in this Prospectus is intended as a profit forecast and no statement in this Prospectus should be interpreted to mean that earnings per ordinary share of PGH (a "**Share**") for the current or future financial years would necessarily match or exceed the historical published earnings per Share.

Singapore SFA Product Classification

In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Currency exchange rate information

Unless otherwise indicated, the financial information contained in this Prospectus has been expressed in sterling. The functional currency of Phoenix is sterling, as is the reporting currency of the Group. Transactions not already measured in sterling have been translated into sterling in accordance with the relevant provisions of IAS21. On consolidation, income statements of subsidiaries for which sterling are not the functional currency are translated into sterling, the presentation currency for Phoenix at average rates of exchange. Balance sheet items are translated into sterling at period-end exchange rates. These translations should not be construed as representations that the relevant currency could be converted into sterling at the rate indicated, at any other rate or at all.

In addition to the convenience translations (the basis of which is described above), the basis of translation of foreign currency transactions and amounts contained in the audited and unaudited financial information included in this Prospectus is described therein and may be different to the convenience translations.

Insurance Group entities

References in this Prospectus to the "**Insurance Group Parent Entity**" are to Phoenix, or any other subsidiary or parent company of Phoenix which from time to time constitutes the highest entity in the relevant

insurance group for which supervision of group capital resources or solvency is required (whether or not such requirement is waived in accordance with the Relevant Rules (as defined in the relevant Conditions)) pursuant to the regulatory capital requirements in force from time to time. References to the "**Insurance Group**" are to the Insurance Group Parent Entity and its subsidiaries (as such term is defined under section 1159 of the Companies Act, "**Subsidiaries**").

In this Prospectus, "**Holding Companies**" refers to PGH, Phoenix Life Holdings Limited ("**PLHL**"), Phoenix Group Holdings (as defined below), Pearl Group Holdings (No. 1) Limited, Pearl Group Holdings (No. 2) Limited ("**PGH2**"), Impala Holdings Limited ("**Impala**"), Pearl Assurance Group Holdings Limited, Pearl Life Holdings Limited, ReAssure Group plc and ReAssure Midco Limited.

The Group has nine operating life insurance companies which hold policyholder assets: Phoenix Life Limited ("**PLL**"), Phoenix Life Assurance Limited ("**PLAL**"), Standard Life Assurance Limited ("**SLAL**"), Standard Life Pension Funds Limited ("**SLPF**") and Standard Life International Designated Activity Company ("**Standard Life International**" or "**SLIDAC**") (together the "**Phoenix Life Companies**"), ReAssure Life Limited ("**RLL**") (previously Old Mutual Wealth Life Assurance Limited), ReAssure Life Pension Trustees Limited (previously Old Mutual Wealth Pensions Trustees Limited), ReAssure Limited and Ark Life Assurance Company dac ("**Ark Life**") (together the "**ReAssure Life Companies**" and together with the Phoenix Life Companies, the "**Life Companies**").

ReAssure Acquisition

On 6 December 2019, PGH (as buyer) entered into a share purchase agreement to acquire the entire issued share capital of ReAssure Group plc ("**ReAssure**") with Swiss Re Finance Midco (Jersey) Limited (formerly Swiss Re ReAssure Midco Limited) ("**Swiss Re**") (as seller) and Swiss Re Ltd ("**SRL**") (as guarantor) for total consideration of £3.1 billion in cash and shares (the "**ReAssure Acquisition**"). The ReAssure Acquisition completed on 22 July 2020.

Notes may not be a suitable investment for all investors

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of the investment in light of its own circumstances. In particular, each potential investor should (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Prospectus or any applicable supplement; (b) have access to and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio; (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency; (d) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are complex financial instruments. An investment in the Notes may be considered by investors who are in a position to be able to satisfy themselves that the Notes would constitute an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the information contained in

(i) the 2020 Half Year Report and Accounts published by the Issuer (available at https://www.thephoenixgroup.com/~/media/Files/P/Phoenix-Group-v3/documents/investor-relations/interim-reports/2020/interim-report-2020.pdf);

(ii) the 2019 Annual Report and Accounts published by the Issuer (available at https://www.thephoenixgroup.com/~/media/Files/P/Phoenix-Group-v3/documents/investor-relations/annual-reports/2019/annual-report-2019.pdf);

(iii) the 2018 Annual Report and Accounts published by the Issuer (available at https://www.thephoenixgroup.com/~/media/Files/P/Phoenix-Group-v3/documents/investor-relations/annual-reports/2018/PhoenixAR18_Bookmarked.pdf);

(iv) the 2019 Annual Report and Accounts published by ReAssure (available at https://www.reassuregroupplc.co.uk/content/dam/reassure/corporate/documents/Presentationsandreports/2019%20RGP%20Report%20%20Accounts%20FINAL%20signed.pdf);

(v) the section entitled "*Annex 3*" of the supplementary prospectus dated 17 January 2020 to the base prospectus dated 24 June 2019 as previously supplemented on 15 August 2019, in each case in relation to the Programme (available at https://www.thephoenixgroup.com/~/media/files/p/phoenix-group-v3/attachments/phoenix-group-holdings/supplementary-prospectus-17-january-2020.pdf) (the "**Supplement**");

(vi) the Solvency and Financial Condition Report for Phoenix Group Holdings plc for the year ended 31 December 2019 (available at https://www.thephoenixgroup.com/~/media/Files/P/Phoenix-Group-v3/Phoenix%20Group%20SFCR%2031%20Dec%2019%20vfinal.pdf) (the "**Phoenix 2019 SFCR**");

(vii) the Solvency and Financial Condition Report for Standard Life International DAC for the year ended 31 December 2019 (available at https://www.thephoenixgroup.com/~/media/Files/P/Phoenix-Group-v3/Investor%20Relations/Standard%20Life%20International%20dac%20-%20Solvency%20and%20Financial%20Condition%20Report%2031%20December%202019.pdf) (the "**SLIDAC 2019 SFCR**");

(viii) the Solvency and Financial Condition Report for ReAssure Group plc for the year ended 31 December 2019 (available at https://www.reassuregroupplc.co.uk/content/dam/reassure/corporate/documents/Results-reports-presentations/ReAssure%20Group%20plc%202019%20SFCR.pdf) (together with the Phoenix 2019 SFCR and the SLIDAC 2019 SFCR, the "**2019 SFCR Reports**");

(ix) the section entitled "Terms and Conditions of the Tier 2 Notes" set out on pages 132 to 176 of the prospectus dated 24 June 2019 in relation to the Programme (available at https://www.thephoenixgroup.com/~/media/files/p/phoenix-group-v3/attachments/phoenix-group-holdings/phoenix-emtn-prospectus-24-june-2019.pdf);

(x) the section entitled "Terms and Conditions of the Tier 2 Notes" set out on pages 136 to 179 of the prospectus dated 18 April 2018 in relation to the Programme (available at https://www.thephoenixgroup.com/~/media/files/p/phoenix-group-v3/attachments/phoenix-group-holdings/phoenix_emtn%20prospectus%2018%20apr%202018_final.pdf);

(xi) the section entitled "Terms and Conditions of the Tier 2 Notes" set out on pages 136 to 179 of the prospectus dated 30 March 2017 in relation to the Programme (available at https://www.thephoenixgroup.com/~/media/Files/P/Phoenix-Group-v3/Attachments/pdf/Phoenix%20EMTN%20Update_Prospectus_Clean_Final.pdf);

(xii) the announcement of the Issuer dated 6 December 2019 entitled "*Proposed Acquisition of ReAssure Group plc*" (available at https://www.thephoenixgroup.com/~/media/Files/P/Phoenix-Group-v3/Investor%20Relations/Proposed%20acquisition%20of%20ReAssure%20Group%20plc%20-%20Announcement.pdf);

(xiii) the announcement of the Issuer dated 7 May 2020 entitled "*Phoenix Group's Resilient Capital Position Supports Payment of 2019 Final Dividend*" (available at https://otp.tools.investis.com/clients/uk/phoenix_group1/rns/regulatory-story.aspx?cid=100&newsid=1390090) (the "**SCR Announcement**"); and

(xiv) the announcement of the Issuer dated 22 July 2020 entitled "*Completion of acquisition of ReAssure Group plc*" (available at https://otp.tools.investis.com/clients/uk/phoenix_group1/rns/regulatory-story.aspx?cid=100&newsid=1403577).

which have each been previously published and which have been approved by the FCA or filed with it. Such documents (or, in the case of documents set out in the below table, the sections referred to in the table only) shall be incorporated in and form part of, this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus. Those parts of the documents incorporated by reference in this Prospectus which are not specifically incorporated by reference in this Prospectus are either not relevant for prospective investors in the Notes or the relevant information is included elsewhere in this Prospectus. Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

Copies of all documents incorporated by reference have been filed with the National Storage Mechanism or announced through a Regulatory Information Service and are available on Phoenix's corporate website at http://www.thephoenixgroup.com and are available free of charge at Phoenix's principal place of business at 100 St Paul's Churchyard, London, EC4M 8BU, United Kingdom.

Reference Document	**Information incorporated by reference**	**Page number in the reference document**
2020 Half Year Report and Accounts of the Issuer		1-69
2019 Annual Report and Accounts of the Issuer		
	The discussion and analysis for the financial year ended 31 December 2019 contained in the "*Business Review*" section	38-47
	Directors' Report	131-135
	Independent Auditor's report	137-146
	Consolidated income statement	147
	Statement of comprehensive income	148

Reference Document	Information incorporated by reference	Page number in the reference document
	Statement of consolidated financial position	149-150
	Statement of consolidated changes in equity	151-152
	Statement of consolidated cash flows	153
	Notes to the consolidated financial statements	154-243
	Additional Capital Disclosures	262-263
	Glossary	268-271
2018 Annual Report and Accounts of the Issuer		
	The discussion and analysis for the financial year ended 31 December 2018 contained in the "*Business Review*" section	28-38
	Directors' Report	106-109
	Independent Auditor's report	112-116
	Consolidated income statement	121
	Statement of comprehensive income	122
	Statement of consolidated financial position	123-124
	Statement of consolidated cashflows	125
	Statement of consolidated changes in equity	126-127
	Notes to the consolidated financial statements	128-213
	Additional Capital Disclosures	228-229
	Glossary	234-236
2019 Annual Report and Accounts of ReAssure		
	The discussion and analysis for the financial year ended 31 December 2019 contained in the "*Business Review*", "*Key Performance Indicators*" and "*Financial Highlights*" sections of the "*Strategic Report*" section	3-14
	Report of the Directors	27-30
	Independent Auditors' report to the members of ReAssure Group plc	31-39
	Consolidated income statement	42
	Consolidated statement of comprehensive income	43
	Consolidated statement of financial position	44-45
	Consolidated statement of changes in equity	46
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	Notes to the consolidated financial statements	48-155

Reference Document	Information incorporated by reference	Page number in the reference document
	Solvency and Financial Condition Report for Phoenix Group Holdings plc for the year ended 31 December 2019	1-271
	Solvency and Financial Condition Report for Standard Life International DAC for the year ended 31 December 2019	1-90
	Solvency and Financial Condition Report for ReAssure Group plc for the year ended 31 December 2019	1-150

SUPPLEMENTAL PROSPECTUS

If at any time the Issuer is required to prepare a supplemental prospectus pursuant to Article 23 of the Prospectus Regulation, the Issuer will prepare and make available an appropriate amendment or supplement to this Prospectus or a further prospectus which, in respect of any subsequent issue of Notes to be listed on the Official List and admitted to trading on the Market, shall constitute a supplemental prospectus as required by the FCA and Article 23 of the Prospectus Regulation.

The Issuer has given an undertaking to the Dealers in the Programme Agreement (as defined in "*Subscription and Sale*" herein) that it will comply with Article 23 of the Prospectus Regulation and, if required by law, the Issuer shall prepare an amendment or supplement to this Prospectus or publish a replacement Prospectus for use in connection with any subsequent offering of the Notes and shall supply to each Dealer such number of copies of such supplement hereto as such Dealer may reasonably request.

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OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms or Pricing Supplement. Words and expressions defined in "Terms and Conditions of the Senior Notes", "Terms and Conditions of the Tier 3 Notes" and "Terms and Conditions of the Tier 2 Notes" below shall, as appropriate, have the same meanings in this overview.

Issuer	Phoenix Group Holdings plc.
Issuer Legal Entity Identifier (LEI):	2138001P49OLAEU33T68
Website of the Issuer	www.thephoenixgroup.com
Description	Euro Medium Term Note Programme.
Size	Up to £5,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.
Arranger	Citigroup Global Markets Limited.
Dealers	The Issuer may from time to time appoint any institution as a Dealer either in respect of one or more Tranches or in respect of the whole Programme (each a "**Dealer**", and together the "**Dealers**") or terminate the appointment of any Dealer under the Programme in accordance with the Programme Agreement .
Trustee	Citibank, N.A., London Branch.
Issuing and Paying Agent	Citibank, N.A., London Branch.
U.S. Paying Agent	The Issuer may from time to time appoint a U.S. paying agent (the "**U.S. Paying Agent**") under the Programme.
Method of Issue	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the amount and date of the first payment of interest and date from which interest starts to accrue), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, date from which interest starts to accrue, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the applicable final terms document (the "**Final Terms**") or the applicable pricing supplement document ("**Pricing Supplement**").
Issue Price	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount.

Form of Notes	The Notes may be issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**"). Each Tranche of Bearer Notes will be represented on issue by a temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year; otherwise such Tranche will be represented by a permanent Global Note. Global Notes may be issued in NGN form. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee or a common nominee, as the case may be, for one or more clearing systems are referred to as "**Global Certificates**". Global Certificates may be issued in NSS form.
Clearing Systems	Clearstream, Luxembourg and Euroclear and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer.
Initial Delivery of Notes	On or before the issue date for each Tranche of Senior Notes, if the relevant Global Note represents Bearer Notes and is in NGN form, the relevant Global Note will be delivered to a Common Safekeeper for Euroclear and Clearstream, Luxembourg. On or before the issue date for each Tranche of Senior Notes, if the relevant Global Certificates represent Registered Notes and are in NSS form, the relevant Global Certificates will be delivered to a Common Safekeeper for Euroclear and Clearstream, Luxembourg. On or before the issue date for each Tranche of Tier 2 Notes, Tier 3 Notes or Senior Notes (together, the "**Notes**") (if the relevant Global Note is in CGN form), the relevant Global Note representing Bearer Notes or the Certificate representing Registered Notes may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Global Notes or Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.
Currencies	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealer(s).
Maturities	Subject to compliance with all relevant laws, regulations,

	directives and requirements of the PRA, Dated Tier 2 Notes may have any maturity of no less than 10 years and Undated Tier 2 Notes will be perpetual and will not have a stated maturity. Subject to compliance with all relevant laws, regulations, directives and requirements of the PRA, Tier 3 Notes may have any maturity of no less than 5 years. Subject to compliance with all relevant laws, regulations and directives, Senior Notes may be issued with any maturity greater than one month.
Specified Denomination	Definitive Notes will be in such denominations as may be specified in the relevant Final Terms, save that in the case of any Notes which are to be admitted to trading on a regulated market in the United Kingdom or within the EEA or offered to the public in the United Kingdom or in a Member State of the EEA in circumstances which require the publication of a prospectus under the Prospectus Regulation, the minimum denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes) and (ii) subject to the proviso above, unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA will have a minimum denomination and redemption price of £100,000 (or its equivalent in other currencies).
Fixed Rate Notes	Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms or Pricing Supplement and will be calculated on the basis of such Day Count Fraction as specified in the relevant Final Terms or Pricing Supplement.
Fixed Rate Reset Notes	Fixed interest will be payable at the Initial Rate of Interest in arrear on the Interest Payment Date(s) in each year for an initial period as specified in the relevant Final Terms or Pricing Supplement. Thereafter, unless a Benchmark Event has occurred, the interest rate may be recalculated on certain dates specified by reference to a Benchmark Gilt Rate, CMT Rate or Mid-Market Swap Rate for the relevant currency, and for a period equal to the Reset Period, as adjusted for any applicable margin, in each case as specified in the relevant Final Terms or Pricing Supplement.
Fixed to Floating Rate Notes	Interest on the Fixed to Floating Rate Notes will bear a fixed rate of interest during the period from (and including) the Interest Commencement Date to (but excluding) the Fixed Period End Date specified in the relevant Final Terms or Pricing Supplement and from (and including) the Fixed Period End Date will bear interest on the same basis as Floating Rate Notes.

Floating Rate Notes	Unless a Benchmark Event has occurred, Floating Rate Notes will bear interest determined separately for each Series as follows: (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.; or (ii) by reference to LIBOR or EURIBOR as adjusted for any applicable margin. Interest periods will be specified in the relevant Final Terms or Pricing Supplement.
Zero Coupon Notes (Senior Notes only)	Zero Coupon Notes (as defined in "*Terms and Conditions of the Senior Notes*") may be issued at their nominal amount or at a discount to it and will not bear interest.
Interest Periods and Interest Rates	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. All such information will be set out in the relevant Final Terms or Pricing Supplement.
Redemption	The relevant Final Terms or Pricing Supplement will specify the basis for calculating the redemption amounts payable. Redemption of Tier 3 Notes and Dated Tier 2 Notes prior to their stated maturity is subject to satisfaction of the Regulatory Clearance Condition as more fully described in "*Terms and Conditions of the Tier 3 Notes – Redemption, Substitution, Variation, Purchase and Options*" or "*Terms and Conditions of the Tier 2 Notes – Redemption, Substitution, Variation, Purchase and Options*" (as applicable). Undated Tier 2 Notes are perpetual and have no Maturity Date and are only redeemable or repayable subject to satisfaction of the Regulatory Clearance Condition as more fully described in "*Terms and Conditions of the Tier 2 Notes – Redemption, Substitution, Variation, Purchase and Options*".
Benchmark Discontinuation	If a Benchmark Event occurs, such that any Rate of Interest (or any component part thereof) cannot be determined by reference to the Original Reference Rate, then the Issuer may (subject to certain conditions) be permitted to substitute such Original Reference Rate with a successor, replacement or alternative benchmark and/or screen rate (with consequent amendment to the terms of the relevant Series of Notes and the application of an adjustment spread (which could be positive, negative or zero)). See "*Terms and Conditions of the Senior Notes – Interest and other Calculations – Benchmark discontinuation*", "*Terms and*

	Conditions of the Tier 2 Notes – Interest and other Calculations – Benchmark discontinuation", "*Terms and Conditions of the Tier 3 Notes – Interest and other Calculations – Benchmark discontinuation*", as applicable, for further information.
Optional Redemption	The Final Terms or Pricing Supplement issued in respect of each issue of Notes will state whether such Notes may be redeemed at the option of the Issuer and/or (in the case of Senior Notes only) the holders and, if so, the terms applicable to such redemption. No Subordinated Notes may be redeemed at the option of the holders of such Notes.
Status of Senior Notes	The Senior Notes constitute direct, unconditional, unsubordinated and (subject to Condition 3(b) of the "*Terms and Conditions of the Senior Notes*") unsecured obligations of the Issuer.
Status of Subordinated Notes	The Tier 3 Notes will constitute unsecured and subordinated obligations of Phoenix and rank *pari passu* and without any preference among themselves. The claims of holders of Tier 3 Notes will rank in priority to the claims of holders of Tier 2 Notes and will rank junior to the claims of Senior Creditors of the Issuer (including holders of Senior Notes) in an Issuer Winding-Up and otherwise as set out in "*Terms and Conditions of the Tier 3 Notes*". The Dated Tier 2 Notes will constitute direct, unsecured and subordinated obligations of Phoenix and rank *pari passu* and without any preference among themselves. The claims of holders of Dated Tier 2 Notes will rank junior to the claims of Senior Creditors of the Issuer (including holders of Senior Notes and Tier 3 Notes) in an Issuer Winding-Up and otherwise as set out in "*Terms and Conditions of the Tier 2 Notes*". The Undated Tier 2 Notes will constitute direct, unsecured and subordinated obligations of Phoenix and rank *pari passu* and without any preference among themselves. The claims of holders of Undated Tier 2 Notes will rank junior to the claims of Senior Creditors of the Issuer (including holders of Senior Notes, Tier 3 Notes and (unless an Undated Notes Parity Election has been made) Dated Tier 2 Notes) in an Issuer Winding-Up and otherwise as set out in "*Terms and Conditions of the Tier 2 Notes*".
Solvency Condition – Subordinated Notes	In relation to each Series of Subordinated Notes, other than in circumstances where an Issuer Winding-Up has occurred or is occurring (subject to Condition 3(c) of the relevant Terms and Conditions), all payments under or arising from (including any damages awarded for breach of any obligations under) the Notes or the Trust Deed shall be conditional upon the satisfaction of the applicable Solvency Condition (as that term is described in Condition 3(d) of the relevant Terms and Conditions) at the time

	for payment by Phoenix and immediately thereafter.
Interest Deferral – Subordinated Notes	Applicable to the Tier 2 Notes only: if Optional Interest Payment Date is specified, Phoenix may on any Optional Interest Payment Date defer payments of interest on the relevant Series of Tier 2 Notes as more fully described in "*Terms and Conditions of the Tier 2 Notes – Deferral of Payments*". Applicable to all Subordinated Notes: Phoenix is required to defer any payment of interest on such Subordinated Notes on each Regulatory Deficiency Interest Deferral Date (being an Interest Payment Date in respect of which a Regulatory Deficiency Interest Deferral Event has occurred and is continuing) as more fully described in "*Terms and Conditions of the Tier 2 Notes – Deferral of Payments*" and "*Terms and Conditions of the Tier 3 Notes – Deferral of Payments*" (as applicable).
Arrears of Interest – Subordinated Notes	Any interest which is deferred in accordance with the Solvency Condition or mandatory deferral provisions contained in the Terms and Conditions of the Tier 3 Notes or the Tier 2 Notes or the optional deferral provisions contained in the Terms and Conditions of the Tier 2 Notes will, for so long as it remains unpaid, constitute Arrears of Interest. Arrears of Interest will not themselves bear interest and will be payable by Phoenix as provided in Condition 5(d) in respect of the Tier 2 Notes and Condition 5(c) in respect of the Tier 3 Notes.
Redemption Deferral – Subordinated Notes	Phoenix is required to defer any scheduled redemption of Subordinated Notes (whether at maturity (if any) or if it has given notice of early redemption in the circumstances described below in Conditions 6(c), 6(d), 6(e) and 6(f) of the relevant Terms and Conditions) if (i) a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or would occur if the relevant Series of Subordinated Notes were redeemed, (ii) the relevant Series of Subordinated Notes cannot be redeemed in compliance with the Solvency Condition, or (iii) (if then required) the Regulatory Clearance Condition has not been satisfied or redemption cannot be made in compliance with the Relevant Rules at such time. See "*Terms and Conditions of the Tier 3 Notes – Redemption, Substitution, Variation, Purchase and Options*" or "*Terms and Conditions of the Tier 2 Notes – Redemption, Substitution, Variation, Purchase and Options*" as applicable.
Negative Pledge – Senior Notes only	Applicable to Senior Notes only. See "*Terms and Conditions of the Senior Notes – Negative Pledge*".
Early Redemption, Variation or Substitution for Taxation Reasons, Capital Disqualification Event and/or	The Subordinated Notes may, subject as provided in Condition 6 of the relevant Terms and Conditions, be redeemed at their Optional Redemption Amount together with any accrued and unpaid interest to (but excluding) the date fixed for redemption

Ratings Methodology Event	and any Arrears of Interest at the option of Phoenix on any Optional Redemption Date (if any). In addition, upon the occurrence of a Tax Event, a Capital Disqualification Event, or a Ratings Methodology Event (if Ratings Methodology Call is specified) the Subordinated Notes may be (i) substituted for, or their terms varied so that they become, Qualifying Securities or Rating Agency Compliant Securities, whichever is relevant; or (ii) redeemed at the Special Redemption Price, together in each case with any accrued and unpaid interest and any Arrears of Interest, all as more particularly described in "*Terms and Conditions of the Tier 3 Notes – Redemption, Substitution, Variation, Purchase and Options*" or "*Terms and Conditions of the Tier 2 Notes – Redemption, Substitution, Variation, Purchase and Options*" as applicable. The Senior Notes may, subject as provided in Condition 6(c) of the Senior Notes, be redeemed at their Optional Redemption Amount together with any interest accrued to (but excluding) the date fixed for redemption at the option of Phoenix if Phoenix becomes obliged to pay additional amounts in respect of withholding tax. See "*Terms and Conditions of the Senior Notes – Redemption, Substitution, Variation, Purchase and Options*".
Pre-conditions to redemption, variation, substitution or purchase – Subordinated Notes	Any purchase of Subordinated Notes by Phoenix or any Subsidiary of Phoenix, any redemption of the Notes and any substitution or variation of the Notes will, if and to the extent then required by the Relevant Rules, be conditional upon: (i) each of Phoenix and the Insurance Group being in continued compliance with the Regulatory Capital Requirements (if any) applicable to them; (ii) Phoenix having complied with the Regulatory Clearance Condition and (iii) compliance with certain other applicable requirements of the Relevant Rules regarding redemption, purchase, substitution or variation (as the case may be) of the Notes as set out in the Conditions.
Enforcement Rights – Subordinated Notes	In respect of each Series of Subordinated Notes, if default is made by Phoenix for a period of 14 days or more in the payment of any amount due under the Notes, the Trustee at its discretion may, and if so directed by one fifth in principal amount of the relevant Series of Notes then outstanding or if so directed by an Extraordinary Resolution shall (having been indemnified and/or secured and/or pre-funded to its satisfaction) institute proceedings for the winding-up of Phoenix but may take no further or other action to enforce, prove or claim for any payment by Phoenix in respect of such Notes, the Coupons or the Trust Deed. In respect of each Series of Subordinated Notes, if an Issuer Winding-Up occurs, the Trustee at its discretion may, and if so directed by one fifth in principal amount of the relevant Series of

	Notes then outstanding or if so directed by an Extraordinary Resolution shall (having been indemnified and/or secured and/or pre-funded to its satisfaction) prove in the winding-up or administration of Phoenix and/or claim in the liquidation of Phoenix, but (in either case) may take no further or other action to enforce, prove or claim for any payment by Phoenix in respect of such Notes, the Coupons or the Trust Deed. In respect of each Series of Subordinated Notes, the right to institute winding-up proceedings in respect of Phoenix is limited to circumstances where a payment under the Notes has become due and has not been paid by Phoenix. For the avoidance of doubt, unless an Issuer Winding-Up has occurred, no amount shall be due from Phoenix in those circumstances where payment of such amount could not be made in compliance with the Solvency Condition or is deferred in accordance with Condition 5(a) (if applicable), 5(b), 6(b) or 6(i) in respect of the Tier 2 Notes and Condition 5(a), 6(b) or 6(i) in respect of the Tier 3 Notes.
Withholding Tax	The Issuer will pay such additional amounts in relation to principal (in respect of Senior Notes only), interest and Arrears of Interest as may be necessary in order that the net payment received by each Noteholder in respect of the Notes, after withholding or deduction for, or on account of, any taxes, duties, assessments or governmental charges of whatever nature required by law in the Relevant Jurisdiction upon payments made by or on behalf of the Issuer in respect of the Notes, will equal the amount which would have been received in the absence of any such withholding or deduction, subject to customary exceptions – see "*Terms and Conditions of the Senior Notes*", "*Terms and Conditions of the Tier 3 Notes*" and "*Terms and Conditions of the Tier 2 Notes*".
Substitution of obligor	The Conditions permit the Trustee to agree to the substitution in place of the Issuer of a Substituted Obligor without the consent of the Noteholders.
Meetings of Noteholders	The Trust Deed contains provisions for calling meetings of holders of a relevant Series of Notes to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders of that Series including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.
Governing Law	English law
Listing	Applications have been made to list Notes (other than PR Exempt Notes) issued under the Programme for the period of 12 months from the date of this Prospectus on the Official List and to admit them to trading on the Market. PR Exempt Notes may

	be unlisted and/or may be admitted to trading on another market or stock exchange, as set out in the applicable Pricing Supplement.
Ratings	Tranches of Senior Notes, Tier 3 Notes, Dated Tier 2 Notes and Undated Tier 2 Notes may be rated or unrated. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Whether or not each/any rating applied in relation to a Series of Notes has been issued by a credit rating agency established in the UK or EU and registered under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**") will be disclosed in the applicable Final Terms.
Selling Restrictions	U.S., EEA, UK, France, Republic of Italy, Hong Kong, Singapore and Switzerland. See "*Subscription and Sale*". The Issuer is Category 2 for the purposes of Regulation S. The Notes will be issued in compliance with U.S. Treasury Regulation §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for the purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**")) (the "**D Rules**") unless (i) the relevant Final Terms states that Notes are issued in compliance with U.S. Treasury Regulation §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for the purposes of Section 4701 of the Code) (the "**C Rules**") or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

RISK FACTORS

PGH believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme.

Factors which PGH believes may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

PGH believes that the factors described below represent the material risks inherent in investing in Notes issued under the Programme but it may be unable to pay interest, principal or other amounts on or in connection with any Notes for other reasons and it does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents deemed to be incorporated by reference herein) and reach their own views prior to making any investment decision.

RISKS RELATING TO THE GROUP

Economy and Financial Markets

The Group's business is subject to risks arising from economic conditions in the United Kingdom and other markets in which it operates or in which its and its policyholders' investments are invested and from risks arising from the United Kingdom's exit from the European Union (the "EU"), also known as "Brexit" on 31 January 2020, and any possible future further referendum on Scottish independence.

Having formed a majority Conservative government, the United Kingdom left the European Union on 31 January 2020, entering into a transition period until 31 December 2020. The Group's business is subject to risks arising from general and sector-specific economic conditions in the markets in which it operates or invests, particularly the United Kingdom, in which the Group's earnings are and will be predominantly generated and in which its and its policyholders' investments are predominantly invested. Although under drawdown or accumulation policies investment risks are often borne, in whole or in part, by its policyholders in accordance with the terms of the relevant policies, fluctuations in investment markets and the general rate of inflation will, directly and indirectly, affect the financial position of the Group including its value, reserving and regulatory capital requirements and results. In addition, the Group bears risk in respect of products where the benefits are not aligned with the investment performance of the assets which support them. Substantial decreases in the value of investments could lead to the shareholder capital of PLL, PLAL, SLAL and SLIDAC (together with SLPF, the "**Phoenix Life Companies**"), ReAssure Life Limited ("**RLL**") (previously Old Mutual Wealth Life Assurance Limited), ReAssure Life Pension Trustees Limited (previously Old Mutual Wealth Pensions Trustees Limited) and/or ReAssure Limited and Ark Life Assurance Company dac ("**Ark Life**") (together the "**ReAssure Life Companies**") being required to meet obligations to policyholders and reserving and regulatory capital requirements and could restrict the ability of the Phoenix Life Companies and the ReAssure Life Companies to make distributions or, where applicable, release capital to service debt. Decreases in the value of investments may lead to policyholders terminating their policies with the Group as they may seek to reduce their exposure to the Group's investments. Decreases in the value of investments could also require further capital to be held to cover pension scheme obligations.

The Group bears certain risks in relation to with-profit policies, which relate to its proportion of total with-profit bonus declarations for the relevant fund that the Group is entitled to receive (maximum of 10 per cent.). A decrease in with-profit bonus declarations could cause policyholders to lapse as policyholders seek to maximise their returns which could lead to a fall in profits for the Group. Furthermore, if losses in the

Group's with-profit funds are substantial enough to cause the value of the assets of the with-profit funds to fall below the contractual commitments to policyholders, the Group will be required to contribute the additional capital to meet those policyholder liabilities and such losses could affect the Group's ability to release capital to pay dividends to its shareholders.

The exact impact of market risks faced by the Group is uncertain, difficult to predict and respond to, in particular, in view of: (i) the uncertainty that exists in relation to the nature of the future relationship between the UK and the remaining EU countries, which is yet to be agreed; (ii) difficulties in predicting the rate at which any economic deterioration may occur, and over what duration; and (iii) the fact that many of the related risks to the business are totally, or partly, outside the control of the Group.

Economic conditions in the UK and other markets, including Europe, in which the Group operates or in which the Group's or their policyholders' investments are invested, could therefore have a material adverse effect on the Group's business, results, financial condition and prospects.

SLAL is a company registered and situated in Scotland. Scotland's First Minister has called for a further referendum on Scottish independence from the rest of the UK. It is uncertain whether any such referendum will in fact occur, what the outcome would be, and, if a referendum occurred and Scotland voted to leave the UK, what Scotland's future relationship with the rest of the UK and the EU would be. The consequences of a potential future referendum on the economy and the SLAL businesses are therefore uncertain.

Significant declines in equity markets, bond markets or property prices, or significant movements in swap yields relative to gilt yields, could have an adverse effect on the Group.

As at 30 June 2020, funds of the Phoenix Life Companies were invested as follows: 42 per cent. in government, supranational, corporate debt and other fixed income securities; 9 per cent. in cash and cash equivalents; 37 per cent. in equity securities; 3 per cent. in property; and 9 per cent. in other investments.

As at 30 June 2020, funds of the ReAssure Life Companies were invested as follows: 44 per cent. in government, supranational, corporate debt and other fixed income securities; 8 per cent. in cash and cash equivalents; 44 per cent. in equity securities; 3 per cent. in property; and 1 per cent. in other investments.

Although, subject to certain guaranteed benefits (see paragraph below), policyholders bear most of the impact of falls in equity, debt and property values in accordance with the terms of their policies, significant decreases in the market prices of the Group's equity, debt and property investments could reduce the amounts available to fund its long-term policyholder obligations. This, in turn, could increase liquidity risks and could lead to shareholder capital of the Life Companies being retained or shareholder capital available within the Group being required to be injected into the Life Companies to meet obligations to policyholders and regulatory capital requirements. Further capital could also be required to cover the Group's pension scheme obligations (see "*Internal Operations and Management—The Group may be required to make further contributions, in addition to those already agreed, to its defined benefit pension schemes for employees if the value of or cashflows from pension fund assets is not sufficient to cover future obligations under the schemes*" below).

Certain of the benefits due to policyholders do not track the performance of the underlying investments held in respect of their policies, in particular some of the Group's annuity policies, protection policies, with-profit policies and a number of the Group's unit linked policies offer guaranteed benefits which are uncorrelated to investment performance. These policies increase the Group's financial exposure to investment risk because members of the Group are exposed to the mismatch between performance and the benefits it has to offer policyholders. The Group has implemented hedging arrangements which seek to protect it to an extent against declines in equity markets but not all investment exposure is hedged and it may not be possible, feasible or desirable to hedge such exposure in the future. To the extent that these exposures have not been hedged, the Group may have to meet the mismatch between the benefits to be paid under the policies and the performance

of the underlying assets. Relative movements in credit spreads, gilt yields and swap yields may affect the calculated value of the assets and liabilities of the Group and different financial and actual metrics which are applied to the Group will respond in different ways. For example, the market value of the Group's holdings in gilts will move in line with changes in gilt yields, whereas the Group's holdings in certain other assets such as swaps, swaptions and other derivatives will move in line with swap yields. For reporting under Solvency II, and the calculation of reserving and regulatory capital, the Group's liabilities generally move in line with swap yields. Changes in the relative swap yields versus gilt yields could therefore have adverse impacts on the Group's regulatory capital position and its Own Funds, and the impacts may not move in a linear fashion. The Group implements hedging arrangements which seek to partially mitigate some changes in relative yields but not all exposure is hedged and it may not be possible, feasible or desirable to hedge all such exposures in the future. Similarly, movements in credit spreads may also adversely impact on the Group's capital and profit positions. Asset valuations change by reference to the entire change in the credit spread, whereas the liability calculation may not reflect fully or may not reflect at all the movement in credit spread, depending on the type of business and the metric being considered.

As at 30 June 2020, the Group holds a portfolio of £6.1 billion of illiquid credit assets (including equity release mortgages, local authority loans, commercial real estate loans, and infrastructure debt), and the Group's business plan targets further material investments in illiquid credit assets in the future. Therefore, there is also a risk that the Group is unable to source the desired volume of illiquid assets to support its business plans. This becomes heightened with the addition of the ReAssure Life Companies to the Group as management would also need to source illiquid assets for the ReAssure Life Companies' portfolios. The Group's equity release mortgages portfolio as at 30 June 2020 consists of an average loan to value ratio of 34 per cent., an average age of 77 years and an average time to redemption of 12 years. The equity release mortgages that originated from 1 January 2020 to 30 June 2020 consisted of an average loan to value ratio of 26-28 per cent., an average age of 71 years and an average time to redemption of 14 years. A significant decline or sustained future declines in UK residential house prices could causes losses on the equity release mortgages portfolio, which is secured on residential property and, as at 30 June 2020, represented £3.1 billion of the Group's assets. Future adverse deviations in the mortality or voluntary repayment experience of lifetime mortgage borrowers could also cause losses on the equity release mortgages portfolio. The performance of the Group's illiquid credit asset portfolio is sensitive to movements in interest rates, credit spreads and credit default experience.

Other EU countries may seek to conduct their own referenda on their continuing membership of the EU or other issues (for example, Catalonian independence). Brexit, other referenda, political instability or increased geopolitical tensions could adversely affect UK, European or worldwide economic or market conditions and could contribute to instability and volatility in global financial markets, which could act as a drag on the relative valuations of UK equities or other companies making use of the European single market, with a negative impact on insurers, such as the Group whose assets are exposed to UK and other markets. Economic and political instability may also impact on foreign exchange and interest rates, which will also have an impact on the value of an insurer's investment portfolio, or any collateral that it holds. The Group's European business will generate profit in Euros and will accordingly be exposed to any devaluation in the currency.

Any significant declines in equity markets, bond markets, interest rates (including for sovereign debt) or property prices, or significant movements in swap yields relative to gilt yields or credit spreads, and corresponding changes to reserving and regulatory capital requirements, could therefore have a material adverse effect on the Group's business, results, financial condition and prospects.

Defaults in relation to investments and financial investments and by counterparties may adversely affect the Group.

The Group is exposed to counterparty risk. Such counterparty risk may be manifested in deterioration in the actual or perceived creditworthiness of, or default by, issuers of the securities or other financial instruments forming part of the Group's investments, or borrowers of loans (including commercial real estate loans and infrastructure loans issued by one of the Group's businesses as part of the Group's investments). For instance, assets held to meet obligations to policyholders include corporate bonds and other debt securities. Counterparty risk may also include the risk of counterparties failing to meet all or part of their obligations, such as reinsurers failing to meet obligations assumed under reinsurance arrangements, or bulk purchase agreements or derivative counterparties or stock-borrowers failing to pay as required. Counterparty defaults could have a material adverse effect on the Group's business, results, financial condition and prospects. An increase in credit spreads, particularly if it is accompanied by a higher level of issuer defaults, could have a material adverse impact on the Group's financial condition although some of this risk is shared with policyholders.

Furthermore, securities which have been loaned could be redelivered and it may then prove difficult or impractical to return collateral held against those securities in the event that this collateral had been reinvested in assets which have become illiquid.

In the event of a counterparty becoming distressed or insolvent the applicable insolvency regime and/or regulatory resolution regime may apply, potentially resulting in the Group receiving less than a full recovery in respect of amounts due to it. In addition, in the case of bulk purchase agreements (some of which are high value contracts), the Pension Protection Fund, as established under the Pensions Act 2004, may adjust the relevant contract or the liabilities under the contract, potentially resulting in negative outcomes for the Group.

Additionally, the underlying collateral supporting a counterparty's securities-redelivery obligation could be invested by collateral managers in a manner that breaches the terms of their investment mandates, causing the Group to incur losses on its securities-lending transactions, with potential material adverse effects on the Group's business, results, financial condition and prospects.

Competition, regulatory restrictions and an inability to raise acquisition financing in the future may make it difficult for the Group to execute its M&A strategy and future acquisitions and disposals, which could have an adverse effect on the Group.

The Group's strategy includes the disciplined acquisition of companies and portfolios which would offset the natural decline inherent in a largely closed book business as well as to grow the business and create additional value from scale advantages.

The Group's ability to acquire life companies and portfolios will depend upon a number of factors, including its ability to identify suitable acquisition opportunities, its ability to consummate acquisitions on favourable terms and the Group's ability to obtain financing to make acquisitions and support growth (for example, through new business or bulk purchase arrangements). Additionally, the Group's ability to obtain required regulatory consents from the FCA and PRA and other relevant regulatory authorities for acquisitions, disposals and insurance business or portfolio transfers (including under Part VII of FSMA) will depend on, amongst other things, the financial condition of the Group, the financial implications of any acquisition of the Group, the impact of such implications on new and existing policyholders and wider risks to policyholder security.

There are many other potential purchasers for companies, including life fund consolidators, insurance companies and private equity firms, which may result in increased competition (and therefore higher prices

paid). External factors which influence sector participants' decisions to seek to dispose of their insurance interests could also impact the Group's ability to make acquisitions.

In connection with any future acquisitions, the Group may experience unforeseen difficulties as it integrates the acquired companies and portfolios into its existing operations. These difficulties may require significant management attention and financial resources.

In addition, future acquisitions involve risks more generally, including:

- due diligence investigations not identifying material liabilities or risks within the acquired business or adequately assessing the value of the acquired business;
- difficulties in integrating the risk, financial, technological and management standards, processes, procedures and controls of the acquired business with those of the Group's existing operations;
- impact of integrating acquisitions into the Group's Solvency II Internal Model and aggregate Group regulatory capital requirements;
- challenges in managing the increased scope and complexity of the Group's operations;
- triggering or assuming liabilities, including employee pension liabilities;
- failure to achieve the anticipated benefits and synergies from acquisitions;
- distraction of management from existing businesses;
- unexpected losses of key employees of the Group and the acquired business;
- the value of any acquired business being less than the consideration paid as a result of adverse events affecting the value;
- changing the structure of the Group which may result in a reduction in brought forward tax losses; and
- PGH being placed under negative watch by rating agencies or losing its investment grade rating due to the inherent risks of acquisitions such as an increase in leverage ratio and decrease in solvency (based on Fitch Ratings Limited's capital model).

If the Group decides to dispose of a company which it owns, or the business or assets of such a company, such as a block of annuities, there is no guarantee that it will find a purchaser for such a company, business or assets, or that a potential purchaser will have the same view of the value of such company, business or assets. In addition, significant acquisitions and disposals by the Group are likely to require regulatory approval and/or the consent of the Group's bank lenders or pension trustees and there can be no assurance that the Group would be able to obtain such approvals or consents. Any of these factors may mean that the Group is unable to realise the target value of such company, business or assets.

If the Group is unable to acquire additional life companies and portfolios in line with its strategy or successfully meet the challenges associated with any future acquisitions or disposals, this could have a material adverse effect on the Group's business, results, financial condition and prospects.

The Group may be adversely affected by changes in interest rates and inflation risks.

The Group's exposure to interest rate and inflation risks relates primarily to the variability of market prices and cashflow of assets relative to liabilities associated with changes in interest and inflation rates.

The Group's obligations to pension schemes and policyholders vary as interest rates fluctuate as they are discounted based on the level of long-term interest rates. As a result, a reduction in long-term interest rates or negative interest rates increases the amount of the Group's liabilities. The Group attempts to match a significant proportion of its liabilities with assets whose sensitivity to interest rates is the same as, or similar to, that of the underlying liabilities. However, to the extent that such asset-to-liability matching is not practicable or fully achieved, there may be differences in the impact of changes in interest rates on assets and liabilities, which could have a material adverse effect on the Group's business, results, financial condition and prospects. Changes to inflation rates could also have an adverse impact on the Group primarily as a result of increased pension scheme obligations or where a Group member holds policies which afford policyholders inflation-linked benefits.

The Group's with-profit funds are exposed to additional interest rate risk as the funds' guaranteed liabilities are valued based on market interest rates, with the funds' investments including fixed-interest investments and derivatives. As a result, declines in interest rates or negative interest rates could materially decrease the amount of distributions from the Group's with-profit funds which are available to policyholders or shareholders, and this could have a material adverse effect on the Group's business, results, financial condition and prospects.

Certain of the Life Companies are required to hold a risk margin under Solvency II. This risk margin will increase significantly if there is a material fall in long-term interest rates. It is expected they would be able to offset the impact of such a fall through applying to the PRA for a recalculation of the transitional measures on technical provisions. If the PRA does not approve such a recalculation, then the impact of such a fall would be greater.

Movements in interest rates can impact the price of fixed rate debt or the interest cost of variable rate debt (if any). Due to the long-term nature of the liabilities of the Life Companies, sustained declines in long-term interest rates and negative interest rates may also subject the Group to reinvestment risks and increased hedging costs. Declines in credit spreads may also result in lower spread income. During periods of declining interest rates, issuers may prepay or redeem debt securities that the Group owns, which could force the Group to reinvest the proceeds at materially lower rates of return. This could, in the absence of other countervailing changes, cause a material increase in the net loss position of the Group's investment portfolio, which could have a material adverse effect on the Group's business, results, financial condition and prospects.

Any downgrade of the credit rating of the Group or its rated subsidiaries could increase the borrowing costs of the Group and/or its relevant subsidiaries, weaken the Group's market position, weaken the Group's capital position and/or weaken the Group's liquidity position.

Given the existing indebtedness in the Group and its acquisitive nature, the Group is dependent on its ability to access the capital markets and its cost of borrowing in these markets is influenced by the credit rating supplied by Fitch Ratings Limited. Any downgrading of the credit rating could increase the Group's borrowing cost and may weaken its position in the market. Changes in the methodology and criteria used by Fitch Ratings Limited could result in downgrades that do not reflect changes in general economic conditions or the financial condition of the Group.

The occurrence of epidemics and pandemics may affect the Group's business.

The disease caused by the novel coronavirus ("**COVID-19**") was declared a pandemic (and references to "COVID-19" below shall be construed as references to the COVID-19 pandemic) by the World Health Organisation in March 2020 and has had, and as at the date of this Prospectus continues to have, a materially adverse and highly uncertain impact on the global economic environment and the markets in which the Group operates.

The COVID-19 pandemic has caused disruption to the Group's customers, suppliers and employees. The jurisdictions in which the Group operates have implemented severe restrictions on the movement of their respective populations, with a resultant negative impact on the Group's operations. The Group has implemented actions to maintain business continuity for its staff and customers while these restrictions on movement remain in place, including implementing the capability to work from home for the majority of employees. However, the COVID-19 pandemic may result in employees being unavailable which may, in turn, impact business continuity and the quality of customer service. The timing and implementation details of any subsequent lifting of restrictions varies by jurisdiction and remains uncertain as at the date of this Prospectus. The changes made to the Group's operating model to move to home working in response to COVID-19 increase the risk of operational losses arising from sources such as pricing errors, claims processing errors and fraud. Customer needs may also evolve as a result of COVID-19, which could affect the nature of the Group's customer risk exposures.

The unprecedented impact of COVID-19 on the global economy has caused significant volatility and declines in global financial markets. While, as at the date of this Prospectus, it remains too early to quantify the lasting impact of COVID-19 on the Group's results, there is a high likelihood of short-term adverse impacts on the performance of the Group's asset portfolio arising from the effect of the short-term market volatility caused by COVID-19 on interest rates, equity values, credit exposures and property values. In the longer-term, if COVID-19 has a sustained and prolonged impact on macro-economic conditions, this may impact the long term performance of the Group's asset portfolio. The Group's credit portfolio is exposed to the risk of credit rating downgrades and credit defaults that could arise as a result of the impact of COVID-19 on businesses. During the period 1 January 2020 to 2 July 2020, £860 million (6.5 per cent.) of bonds in the matching adjustment portfolios were subject to a letter rating downgrade and of these, £16 million of bonds (0.1 per cent.) were downgraded to sub-investment grade. In respect of the ReAssure Group, during the six month period to 30 June 2020, £575 million (5.5 per cent.) of bonds in the matching adjustment portfolios were subject to a letter rating downgrade and of these, £22 million of bonds (0.2 per cent.) were downgraded to sub-investment grade.

Current and future actions taken by central banks and/or supervisory authorities in response to the COVID-19 pandemic could potentially impact the Group's business. For example, in March and April 2020 supervisory authorities, including EIOPA and the PRA, responded to the impact of COVID-19 by publicly urging insurance groups to suspend (in the case of EIOPA), or remain prudent on (in the case of the PRA), ordinary share dividend payments to shareholders. In declaring or paying dividends, the PRA has stated that it requires boards pay close attention to the need to protect policyholders and to maintain their safety and soundness, informed by a range of evolving scenarios, including very severe ones. There is also a risk that supervisory authorities could introduce additional guidance, conditions or binding restrictions in relation to solvency capital requirements, distributions and/or liquidity which could limit the flexibility of the Group in relation to solvency, capital, liquidity and asset management and its business strategy.

The effect of the COVID-19 pandemic on operations and market conditions could also impact the Group's ability to execute its business strategy, including the execution of further mergers and acquisitions, integration of past acquisitions, execution of bulk annuity transactions and the origination of new business and sourcing of illiquid credit assets. The impact of COVID-19 on capital markets could also affect the Group's financing arrangements and liquidity position.

The potential impact of COVID-19 on population mortality, longevity and morbidity could impact the insurance underwriting experience on the Group's life insurance business. Supervisory authorities may also interpret their own regulatory policies and expectations so as to require, or strongly encourage, payments to be made on insurance or protection policies or the Group's protection contracts, including life assurance and critical illness cover in circumstances where payments would not otherwise be required under the contractual

terms of the relevant policy. The potential impact of COVID-19 on macro-economic conditions could also lead to changes in customer behaviour and persistency experience on the Groups pensions and savings business.

As a result, the COVID-19 pandemic may have a material adverse effect on the Group's solvency ratios, solvency surplus, business, ability or appetite to make distributions, results, financial condition and prospects.

Risks relating to integration following the ReAssure acquisition

The Group may be unable to integrate past or prospective acquisitions successfully and/or in a timely manner, which could materially adversely affect the Group's growth.

Acquisitions may strain the Group's management and financial resources. Among the risks associated with the integration of acquisitions that could materially adversely affect the Group's growth, are the following:

1. the Group may incur substantial costs, delays or other operational or financial problems in integrating acquired businesses, such as costs and issues relating to monitoring, hiring and training of new personnel or the integration of accounting and internal control systems;

2. Information Technology ("**IT**") infrastructure and data elements of the integration process may fail or not be managed so as to achieve the Group's operational objectives;

3. the Group may incur costs associated with revamping or rebranding newly acquired businesses or developing appropriate risk management and internal control structures for operations in a new market, or understanding and complying with a new regulatory scheme;

4. increased investments may be needed in order to understand new markets and follow trends in these markets in order to effectively compete; and

5. an acquisition may not achieve anticipated synergies or other expected benefits, including as a result of the termination of material contracts of the target business due to change of control mechanisms in place.

Following the integration of an acquired business into the Group, such acquired business may not be able to generate the expected margins or cash flows. For further information on the risks associated with acquisitions more generally, see "*Risks Relating to the Group – Economy and Financial Markets—Competition, regulatory restrictions and an inability to raise acquisition financing in the future may make it difficult for the Group to execute its M&A strategy and future acquisitions and disposals, which could have an adverse effect on the Group*" below.

The Group's success will be dependent upon its ability to integrate any businesses it purchases into its existing businesses; there will be numerous challenges associated with the transition of Standard Life Assurance Limited ("SLAL") and ReAssure and the synergies expected from the transitions may not be fully achieved.

ReAssure and SLAL are materially larger and more complex businesses with stronger cultures and brand identities relative to the other businesses previously acquired by PGH. To the extent that the Group's management is unable to efficiently transition the various operations within proposed timeframes, realise anticipated cost reductions, retain qualified personnel or customers and avoid unforeseen costs or delay, there may be an adverse effect on the business, results of operations, financial condition and/or prospects of the Group.

In addition, ReAssure has entered into arrangements in relation to the L&G Transaction and completed the acquisition of ReAssure Life Limited and its subsidiary (previously Old Mutual Wealth Life Assurance Limited) ("**RLL**") on 31 December 2019 for a total consideration of approximately £446 million (including

interest) (the "**RLL Acquisition**"). Many of the foregoing risk factors apply, to a lesser or greater extent, to RLL and the L&G Transaction in a similar manner to PGH by reference to ReAssure and SLAL.

Under any of the foregoing circumstances, the growth opportunities, cost reductions, purchasing and distribution benefits, capital and other synergies anticipated may not be achieved as expected, or at all, or may be materially delayed. To the extent that the Group incurs higher transition costs or achieves lower synergy benefits than expected, its business, results of operations, financial condition and/or prospects may be materially adversely affected.

PGH and ReAssure each has limited management resources and thus may become distracted or overstretched by the process of migrating/transitioning past acquisitions and managing the Group.

The Group will be required to devote significant management attention and resources to transitioning the ReAssure Group business. Significant existing resources are currently being used to integrate SLAL and will be required in the future to transition ReAssure. The ReAssure operations will be largely ring-fenced at completion to maintain focus on the integration of SLAL. Timing of the activity in the ReAssure transition programme will be aligned to completion of integration activity in the SLAL transition programme.

Both SLAL and ReAssure are materially larger and more complex businesses relative to other businesses the Group has acquired and integrated in the past, which may require skills and expertise that the existing management team do not currently have, leading to unforeseen delays and an inability to achieve the required objectives. In respect of ReAssure, RLL and the L&G Business are together smaller than SLAL, but their migration and integration into ReAssure's operations may also present challenges, including the risk of loss of key staff. There is a risk that the challenges associated with migration and integration or transition under any of the circumstances above, and/or those associated with other actual or potential acquisitions, may result in overstretch of management and the deferral or reduced effectiveness of certain planned management actions. Consequently, the Group's business may not perform in line with management expectations, which could have a material adverse effect on the Group's business, results, financial condition and prospects.

Regulatory Risks

Regulatory capital and other requirements may change.

Since 1 January 2016, the Life Companies have been required to carry out regulatory capital calculations under Solvency II, as described in "*Regulatory Overview – Solvency II*". The supervision of the regulatory capital requirements of those Life Companies authorised in the UK is carried out by the PRA and the CBI carries out the same function for SLIDAC and Ark Life. Any existing regulations may be amended in the future or new regulations may be implemented (for example, as a result of the biennial stress testing mandated by the PRA). In particular, the regulatory capital and/or reserving position applicable to certain of the Life Companies may be modified by four matters which are within the PRA's discretion and which certain of the Life Companies could lose the benefit of: (i) the Solvency II Internal Model; (ii) the Matching Adjustment (as defined in the paragraph below); (iii) the Volatility Adjustment (as defined in the paragraph below); and (iv) the application of transitional measures, as described in the paragraphs below.

- *Internal Model*: The PRA has approved an agreed methodology and model to calculate the pre-SLA Acquisition (as defined below) group SCR for PGH pursuant to Solvency II (the "**Solvency II Internal Model**"). The PRA has approved a separate Solvency II Internal Model for SLAL and SLPF. SLIDAC calculates its SCR in accordance with the Standard Formula. These calculations then feed into a single Group SCR. The Group is liaising with the PRA to obtain approval for a single Group-wide Solvency II Internal Model covering all UK entities (excluding ReAssure). This process is currently expected to conclude during the first half of 2021, subject to PRA approval. The Group also intends to seek approval to move SLIDAC to a

Partial Internal Model in the future. The Group may be unable to agree changes to a single harmonised Solvency II Internal Model with the PRA in line with its capital management plans, which could mean maintaining the existing methodology and/or being required to hold additional capital as applied by the PRA to reflect the risk profile of the Group. This could significantly increase the amount of regulatory capital certain of the Phoenix Life Companies and/or other members of the Group have to hold or result in a lower coverage ratio for the Group SCR and the MGSCR (as defined below) than that set out in the section entitled "*Information on the Group*" below.

- Following completion of the ReAssure Acquisition, the ReAssure Life Companies have become part of the Group SCR calculation. The Reassure entities will calculate their SCR in accordance with the Standard Formula. Eventually, the Group intends to extend the scope of its harmonised Solvency II Internal Model to include the UK ReAssure entities. The application to include the UK ReAssure entities is not expected to be submitted before the harmonised Solvency II Internal Model is approved.

- *Matching Adjustments*: Generally, the Life Companies apply a "matching adjustment" to certain long-term liabilities that are closely matched by an assigned matching adjustment portfolio of assets of equivalent nature, term and currency ("**Matching Adjustment**"). The Matching Adjustment is subject to strict criteria and ongoing compliance in relation to maintenance of close matching, asset and liability characteristics and segregation of the management of the assigned matching adjustment portfolios. The Life Companies authorised in the UK have permission from the PRA to apply the Matching Adjustment in respect of certain agreed portfolios of liabilities, thereby reducing the reserves and capital requirements associated with such liabilities.

- *Solvency II Volatility Adjustment*: Certain of the Life Companies apply a "volatility adjustment" to substantially all of their long-term liabilities other than unit linked liabilities and liabilities to which a matching adjustment has already been applied (the "**Volatility Adjustment**"). Certain of the Life Companies have received permission from the PRA to apply the Volatility Adjustment, which reduces the reserving and capital requirements associated with the liabilities. The level of the adjustment is prescribed by EIOPA and may change in future.

- *Transitional Measures*: The benefit of the transitional measures designed to ensure a smooth transition from Solvency I (the old regime) to Solvency II (the new regime) will be phased out over a 16-year period from 1 January 2016. There remains some uncertainty over the pace of run-off within that period, in particular in circumstances where the transitional measures are required to be recalculated due to a future material change in the risk profile of the Life Companies.

Regarding the discretionary matters above which are already the subject of a relevant regulator's agreement or non-objection, the Group is not aware of any current matters or circumstances that might reasonably be expected to result in the Life Companies losing the relevant benefit.

An increase in the regulatory capital and/or reserving requirements of an entity or a restriction on the use or availability of capital within the Group or a reduction in the value of the Own Funds that can be used to meet such requirements, may reduce the profits of the Group or trap cash or assets in certain Group companies. There are also circumstances where the Group may choose to move cash or assets from another part of the Group to meet an increased regulatory capital requirement. Consequently, a change in the regulatory capital and/or reserving requirements applied to certain Group companies, and in particular the loss of (or the failure

to obtain) certain discretionary reductions in those requirements in respect of the Life Companies, could have a material adverse effect on the Group's business, results, financial condition and prospects.

Following a statement from the Chancellor of the Exchequer on 23 June 2020, the UK Government announced an intention to bring forward a review of certain features of Solvency II to ensure that it is properly tailored to take account of the structural features of the UK insurance sector. The review will consider areas that have been the subject of long-standing discussion while the UK was an EU Member State, some of which may also form part of the EU's intended review. These areas will include, but are not limited to, the risk margin, the matching adjustment, the operation of internal models and reporting requirements for insurers. The UK Government expects to publish a call for evidence later this year. The exact scope and outcome of this review is uncertain and difficult to predict and could have a material adverse effect on the Group's business, results, financial condition and prospects.

The Group operates in a regulated sector and its operations and practices may be affected by changes in law and regulation, changes in interpretation or emphasis with respect to existing law and regulation and/or industry wide changes in approach to law and regulation.

The Group operates in the life and pensions sector in several jurisdictions, which, in each case, are the subject of continued legal and regulatory change. The legal and regulatory environments in which the Group operates may change, meaning that the Group has to change its practices. Such change can come in the form of a change in law or regulation. For example, (i) Solvency II (which became effective on 1 January 2016) increased the capital requirements on the Life Companies and is now subject to a review by EIOPA which may further amend those requirements and (ii) the General Data Protection Regulation (EU) 2016/679 (the "**GDPR**") (which became effective on 25 May 2018) increased the territorial scope of the existing EU data protection framework and imposed stronger sanctions on those who breach it, amongst other things. Alternatively, a relevant regulator may reinterpret or place new emphasis on an existing piece of law or legislation.

In the UK and Ireland, a number of significant changes to law and regulation are currently being proposed or have relatively recently been implemented. In the pensions sector, the effect of certain new laws and regulations has not yet been fully realised, in part because the new laws and regulations may change customer behaviours. For example, on 1 April 2015, wide-ranging reforms of UK pensions legislation came into effect, including the cessation of the requirement for pension benefits to be taken in the form of an annuity and a requirement for customers to receive guidance on their options at the time of retirement. The advent of these freedoms resulted in a reduction in annuity sales. It is also possible that (as has happened since the advent of the reforms) there may continue to be a reduction in customer retention in particular when a customer with a pension policy would previously have been likely to buy an annuity. In Ireland, proposed pensions reforms have been published in the Irish Government's "Roadmap for Pension Reform 2018 – 2023". The transposition of EU Directive 2016/2341 ("**IORP II**") and the proposed introduction of an auto-enrolment pension system in Ireland could result in changes to customer behaviour when it comes to pension savings and investment. The Group is monitoring and projecting the impact of ongoing pensions reforms on its business, but the true impact will only become clear once relevant laws and regulations are implemented and, following that, a stable pattern of customer experience has emerged. In Germany, as in the UK and Ireland, the relevant legal and regulatory landscape is subject to significant and continuous change.

The Group may experience changes in the value of its assets, liabilities and/or capital requirements as a result of the ongoing Global Benchmark Reform mandated by the Financial Stability Board (including the transition away from current benchmarks, for example the London Interbank Offered Rate (LIBOR) and the Euro Interbank Offer Rate (EURIBOR), to alternative interest rate benchmarks such as the Sterling Over Night Index Average (SONIA)), and any associated changes in regulatory policy made by the PRA, FCA, EIOPA and other regulators in the jurisdictions in which the Group operates or has exposure to.

In addition to the already changing regulatory landscape, Brexit will result in changes to the UK and EU's regulatory system. While the business of the Group primarily is situated in the UK, some of the changes to the regulatory system may affect the business of the Group (positively or negatively). Changes to law and regulation may also affect the regulation of UK business if the UK and EU regulatory systems diverge and may also affect contracts (including derivative contracts) to which a UK business is party. The Group is exposed to the risk of counterparties failing to meet all or part of their obligations, such as derivative counterparties failing to pay as required, which could have a material adverse effect on the Group's business, results, financial condition and prospects. As a result, it is possible that Brexit may require the Group to take mitigating action, or to change parts of its business. In addition, like many of its peers, the Group will also administer some EU policyholders' policies on a run-off basis consistent with EIOPA's guidance. If this route falls away, or local regulators disallow it, the Group may have to take action.

The Group's main regulators are the PRA and the FCA in the UK. Outside the UK, SLIDAC and ReAssure's Irish subsidiary, Ark Life, are authorised and regulated in Ireland by the CBI. The Group also conducts business outside the UK and Ireland and the law and regulations of a number of other jurisdictions also apply to the Group. These jurisdictions include (but are not limited to) Hong Kong, Germany, Austria and the United States. In particular, SLIDAC sells and administers a significant number of products in Germany and Austria via its German branch. As a result, the Group may be subject to greater regulatory oversight by German and Austrian regulators in respect of its activities in the German and Austrian markets even though the Group does not have an authorised subsidiary in Germany or Austria. Law and regulation (and its interpretation) may change in any of the jurisdictions in which the Group operates or conducts business.

As a result, existing law and regulation (where the economic or other impact has not yet been fully realised), changes in law and regulation, changes in interpretation or emphasis in respect to existing law and regulation, industry wide changes in approach to regulation, and/or any failure by the Group to comply with applicable law and regulation, may individually or together have a material adverse effect on the Group's business, results, financial condition and prospects.

The Group is subject to potential intervention by the FCA, the PRA, the CBI, BaFin and other regulators on industry-wide issues and to other specific investigations, reports and reviews.

Members of the Group are regulated by the PRA, the FCA and the CBI. The PRA and FCA each has significant statutory powers in respect of the regulation of the Life Companies authorised in the UK and the other regulated entities in the Group. While regulating the Life Companies and other regulated entities in the Group, the PRA, the FCA, the CBI and other regulators may make regulatory interventions using such powers, including through investigations, requests for data and analysis, interviews or reviews (including skilled persons reports under section 166 of FSMA). The PRA, the FCA and the CBI have each adopted an approach of intensive supervision in respect of the life and pensions sector. This is expected to continue. As a result, the Group believes the incidence of regulatory interventions has the potential to increase.

The PRA, the FCA and the CBI may also carry out formal "thematic reviews" which are sector wide reviews or other informal sector wide inquiries in respect of a theme or common issue or a particular type of product. While these are not expressly targeted at only the Group, the Group has participated in, and expects to continue to participate in, such reviews from time to time.

Regulatory intervention, including of the sort described above, may lead to the FCA, the PRA and/or the CBI (and other relevant regulators or bodies) requiring:

- specific remediation in respect of historical practices (which could include compensating customers, fines or other financial penalties);
- changes to the Group's practices;

- public censure; and/or
- the loss or restriction of regulatory permissions necessary to carry on the Group's business in the same manner as before, as well as changes to the Group's existing practices.

Certain companies in the Group, including the Life Companies and other regulated entities in the Group, are subject to regulation in foreign jurisdictions resulting in potential policyholder claims and regulatory intervention in those jurisdictions. In particular, while no member of the Group is authorised in Germany, SLIDAC has a significant German business. The sale of life and pensions products in Germany is regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht ("**BaFin**").

Such regulatory interventions could have a material adverse effect on the Group's business, results, financial condition and prospects, as well as damaging the Group's reputation.

Internal Operations, Management and Third Party Arrangements

Changes in actuarial assumptions driven by experience and estimates may lead to changes in the level of reserving and regulatory capital required to be maintained.

The Group has liabilities under bulk purchase agreements, annuities and other policies that are sensitive to future mortality and longevity rates. In particular, bulk purchase agreements and annuities are subject to the risk that annuity holders or pension scheme members (as applicable) live longer, or longevity rates increase, compared to what was projected at the time their policies were issued, with the result that the issuing Life Companies must continue paying out to the annuitants or pension scheme members (as applicable) for longer than anticipated and, therefore, longer than was reflected in the price of the annuity or bulk purchase agreement (as applicable). There may also be increases in the cost of meeting guarantees on policies with a right to convert their policy value into an annuity at a fixed rate and the contributions required to be paid under the Group's defined benefit pension schemes may also increase. Conversely, increased mortality, or higher mortality rates, may increase the number of death claims on term-assurance and protection products.

The Life Companies monitor their actual liability experience against the actuarial assumptions they use and apply the outcome of such monitoring to refine their long-term assumptions. Based on these assumptions, the Life Companies make decisions aimed at ensuring an appropriate build-up of assets and liabilities relative to one another. These decisions include the allocation of investments among fixed-income, equity, property and other asset classes, the setting of any applicable variable policyholder bonus rates (some of which are guaranteed) and the setting of surrender terms. However, because of the underlying risks inherent in actuarial assumptions, it is not possible to determine precisely the amounts that will ultimately be paid to meet policyholder liabilities. Actual liabilities may vary from estimates, particularly when those liabilities do not occur until well into the future. The Life Companies evaluate their liabilities allowing for changes in the assumptions used to establish their liabilities, as well as for the actual claims experience. It is also possible that the longevity assumptions used by ReAssure will be changed to align with those used by certain of the Phoenix Life Companies. Any changes in assumptions may lead to changes in the level of capital that is required to be maintained. In the event that the Group's reserving and/or regulatory capital requirements are significantly increased, the amount of cash or other assets available for other business purposes or to meet the Group's financing commitments, including payments under the Notes, may decline.

To the extent that actual mortality, longevity and morbidity rates or other insurance risk experience are less favourable than the underlying assumptions about such rates or experience and it is necessary to increase reserves for policyholder liabilities as a consequence, the amount of additional capital required (and therefore the amount of capital that can be released from the Life Companies in order to service and pay down debt or to finance distributions to their shareholders) and the ability of the Group to manage the Life Companies in an efficient manner may all be materially adversely affected. In particular, there is considerable uncertainty over

the rate at which mortality rates will continue to improve in the future. Over time, the Group could incur significant losses if mortality rates improve faster than has been assumed.

In addition, the Group makes assumptions about the rates at which policyholders will surrender or otherwise terminate their policies prior to their maturity date. It is possible that specific factors (like changes to charges applied to surrendering policies or terminations as a result of a corporate transaction or debranding) or more general macro-economic conditions and interest rate changes may affect surrender and persistency rates. For products with guarantees at maturity, the Group is exposed to the risk that fewer policyholders will terminate their policies prior to their maturity date than assumed, since this will increase the volume of guarantees that are required to be met at maturity. Conversely, for policies with no guarantees, the anticipated future profits obtained from those policies may be curtailed if more policyholders terminate their policies prior to their maturity date than assumed. Surrender rates may also be affected by changes in law and/or regulation.

If the assumptions underlying calculations of reserves are shown to be incorrect (e.g., if policyholders do not die at the rate assumed in actuarial calculations or if the volume of guarantees that are required to be met at maturity is greater than assumed), the Group may have to increase the amount of its reserves or the amount of risk reinsured. The Group also has obligations towards pension schemes that are sensitive to longevity experience rates. If members live longer than expected, additional capital may need to be held to cover increased pension scheme obligations. Any of these factors could have a material adverse impact on the Group's business, results, financial condition and prospects.

If the Group is unable to maintain the availability of its systems and safeguard the security of its data, including customer and employee data, due to accidental loss, cyber-crime, the occurrence of disasters or other unanticipated events affecting the Group or its service providers, its ability to conduct business may be compromised, which may have an adverse effect on the Group.

The Group uses computer systems to store, retrieve, evaluate and utilise policyholder, employee and company data and information. In certain circumstances, and in certain parts of the Group, the Group's computer, information technology and telecommunications systems, in turn, interface with and rely upon third party systems, including those of third party outsourced service providers. In certain circumstances, the Group's business is highly dependent on its ability, and the ability of certain third parties, to access these systems to perform necessary business functions, including, without limitation, processing premium payments, making changes to existing policies, filing and paying claims, administering annuity products, providing customer support and managing the Group's investment portfolios. Furthermore, the acquisition by the former ultimate parent company of the Group, Phoenix Group Holdings, incorporated in the Cayman Islands as an exempted company with limited liability with registered number 202172 ("**PGH Cayman**"), of SLAL from Standard Life Aberdeen plc ("**Standard Life Aberdeen**"), which completed on 31 August 2018 (the "**SLA Acquisition**") has significantly increased, and the ReAssure Acquisition has significantly increased, the complexity and volume of systems inside the Group, and has therefore increased the likelihood of systems failures or outages which could compromise the Group's ability to perform these functions in a timely manner. This could harm its ability to conduct business and hurt its relationships with its business partners, clients and customers. In the event of a disaster, such as a natural catastrophe, an industrial accident, a blackout, a computer virus, a terrorist attack or war, the Group's systems may be inaccessible to its employees, customers, clients and/or business partners for an extended period of time. The Group's systems could also be subject to physical and electronic break-ins, cyber-crime and subject to similar disruptions from unauthorised tampering. Attempted cyber-attacks and financial crime activity show no sign of decreasing in volume and sophistication across the industry as a result of COVID-19. The Group continues to adapt its approach in order to keep up to date with the latest threats.

In addition, the Group is subject to the accidental loss of data by its employees or outsourced service providers, which could expose the Group to potential liabilities and could negatively impact its relationships

with its business partners and customers. The factors described above may impede or interrupt the Group's business operations or lead to unauthorised disclosure or loss of data or data corruption, including customer data, which could lead to potential liabilities and damage the Group's reputation. Furthermore, because of the long-term nature of much of the Group's business, accurate records have to be kept for long periods of time, increasing the potential for exposure.

Despite the resilience plans and facilities the Group has in place, the Group's ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports the Group's business (particularly in relation to the SLAL insourced platform for certain of the Phoenix Life Companies and ReAssure's in-house Administration of Life, Pensions, Health and Annuities system ("**ALPHA**") in relation to the ReAssure Life Companies) in the communities in which the Group is located, such as disruption to electrical, communications, internet, transportation or other services used by the Group or third parties with which it conducts business. During the COVID-19 pandemic, 99 per cent. of the Group's employees worked remotely within 10 days of the UK lockdown being announced and the Group is reliant on its infrastructure and systems to be able to adapt to such unprecedented situations quickly. Any disruption to the Group's systems and communication lines in the future may impact its ability to use its platforms, its ability to service and interact with its clients and its ability to successfully implement contingency plans that depend on such systems or communication lines.

Any of the above could have a material adverse effect on the Group's business, results, financial condition and prospects.

Changes in accounting standards and assumptions may lead to increases in the level of provisioning or additional provisions being made in respect of a range of actual, contingent and/or potential liabilities including, but not limited to, tax, and changes in the determination of fair value could have a material adverse effect on the estimated fair value amounts of financial instruments.

A provision is recognised when the Group has present legal or constructive obligations as a result of a past event and it is probable that an outflow of resources will be required to settle these obligations. Where the Group has present legal or constructive obligations, but it is not probable that there will be an outflow of resources to settle the obligation or the amount cannot be reliably estimated, this is disclosed as a contingent liability. Provisions held by the Group, including those relating to tax, may be subject to estimates and may prove inadequate or inaccurate resulting in a material liability. Liabilities may also arise where no provision has been made. In particular, there is a time lag between acquisitions, disposals and other corporate transactions undertaken by the Group and the review of its tax treatment by HM Revenue & Customs ("**HMRC**"). While significant transactions are discussed with HMRC on an ongoing basis, in some cases formal confirmation of HMRC's position cannot be obtained until the relevant tax returns are submitted, which can lead to uncertainty. If a liability, including tax, were to arise in respect of which there is inadequate or no provision, this could have a material adverse effect on the Group's business, results, financial condition and prospects.

In addition, as at 30 June 2020, the Group had derivative assets of £6,836 million and derivative liabilities of £1,041 million. Determination of fair value is made at a specific point in time, based on available market information and judgements about financial instruments, including estimates of the timing and amounts of expected future cashflows and the credit standing of the issuer or counterparty. The use of different methodologies and assumptions could have a material adverse effect on the estimated fair value amounts of financial instruments, which could adversely affect the Group's business, results, financial condition and prospects.

PGH, PGH Cayman, PGH Capital Public Limited Company, PLHL, PGH2, Impala, Pearl Group Holdings (No. 1) Limited, Pearl Assurance Group Holdings Limited Pearl Life Holdings Limited

("PeLHL"), ReAssure Group plc and ReAssure Midco Limited (the "Holding Companies") are dependent upon distributions from their subsidiaries to cover operating expenses, debt interest and repayments, pension scheme contributions and dividend payments. In times of severe market turbulence, the Group may not in the longer term have sufficient capital or liquid assets to make sufficient distributions to the Holding Companies, or to meet its payment obligations, or they may suffer a loss in value.

The Group's insurance operations are conducted through subsidiaries. The Holding Companies ultimately rely on distributions and other payments from their subsidiaries, including in particular the Life Companies, to meet the funding requirements of Group companies, including in order to make payments of principal and interests on the Notes, as the Holding Companies do not generate a cash surplus from their operations and other activities. The Holding Companies' principal sources of funds are dividends from subsidiaries, inter-company loans from subsidiaries, repayment of inter-company loans that have been made by the Holding Companies to subsidiaries and any amounts that may be raised through the issuance of equity or debt instruments or bank financing. As a result, deterioration in the liquidity and solvency position of the Life Companies, or other members of the Group could, in addition to its impact on the liquidity or solvency position of the individual Life Companies, have in the longer term an adverse impact on the Group's funding or liquidity, which could have a material adverse effect on the Group's financial condition and prospects.

As at the date of the Prospectus, the Group has ongoing principal repayment and interest payment obligations in respect of approximately £5 billion of regulatory capital and senior debt securities and for any amounts drawn under the Revolving Credit Agreement (as defined herein) (which is currently undrawn), which obligations are expected to be funded by existing cash resources, the release of capital, profits and liquidity from the Group's operating units or through refinancing.

On 27 June 2019, PGH entered into a credit agreement between, among others, PGH and NatWest Markets Plc (as agent) (the "**Revolving Credit Agreement**"). Under the Revolving Credit Agreement, the lenders have made available a multicurrency revolving loan facility in an aggregate principal amount equal to £1.25 billion, which bears a floating rate of interest.

Certain of the Holding Companies also have ongoing commitments to make contributions to the Group's pension schemes in accordance with the agreed contribution schedules and to meet their general operating expenses. The availability and amounts of cashflows from subsidiaries, in particular the Life Companies, may be impacted during periods of severe market turbulence by the need to maintain appropriate levels of regulatory capital in the Group. In certain circumstances, such as if a Group company was unable to meet applicable regulatory capital requirements or significant threats to policyholder protection were identified, the PRA or the CBI could intervene in the interests of policyholder security, for example, by imposing restrictions on the fungibility or movement of capital between members of the Group. Moreover, PGH may elect to reduce or forgo dividend payments to it from its subsidiaries as a means of maintaining or enhancing the relevant solo or Group capital position. Although the Holding Companies maintain liquidity buffers to reduce the reliance on emerging cashflows in any particular year, in the event that cashflows from the Group's subsidiaries are limited as a consequence of periods of severe market turbulence, this may in the longer term impair the Group's ability to service these obligations, which would have a material adverse effect on the Group's business, results, financial condition and prospects.

The Group needs to reduce the expenses of managing long-term business in line with the run-off profile of its funds. The inability to adjust these costs could have an adverse effect on the Group.

Most of the business of the Life Companies, are long-term run-off policy portfolios and should become smaller over time consistent with the management of a heritage business. In order to protect with-profit policyholder benefits and shareholder returns, it will be necessary to reduce the costs of managing the

Group's long-term business at least in line with the run-off profile, which the Group partly does through the use of outsourcing arrangements. The Group is exposed to the risk that it may be unable to reduce costs proportionately or to make changes to achieve an appropriate balance of fixed and variable costs. This exposure could arise, for example, from deficient management, contractual restrictions, significant changes in the regulatory environment, material sector-specific inflationary pressures or an unexpected increase in policy lapses. The current expense assumptions for policy charges are based on anticipated governance costs and the run-off profile of the Group's business. Unlike some of the Group's operations, the SLAL and ALPHA platforms are not outsourced and this represents a level of fixed costs which will not be easily scalable to match the run- off profile of the policies that it administers. An inability to adjust costs (and in particular to manage non-scalable costs) could therefore have a material adverse effect on the Group's business, results, prospects and financial condition. In addition to managing policy costs, the Group is exposed to losses, particularly on historical long-term business as a result of the failure or poor execution of significant operational processes.

The Group's risk management policies and procedures may not be effective and may leave the Group exposed to unidentified or unexpected risks.

The Group's policies, procedures and practices used to identify, monitor and control a variety of risks may fail to be effective. As a result, the Group faces the risk of losses, including losses resulting from human error, the payment of incorrect amounts to policyholders due to incorrect administration, market movements and fraud. The Group's risk management methods rely on a combination of technical and human controls and supervision that can be subject to error and failure. Some of the Group's methods of managing risk are based on internally developed controls, models and observed historical market behaviour, and also involve reliance on industry standard practices. These methods may not adequately prevent future losses, particularly if such losses relate to extreme or prolonged market movements, which may be significantly greater than the historical measures indicate. These methods also may not adequately prevent losses due to technical errors if the Group's testing and quality control practices are not effective in preventing technical software or hardware failures.

Ineffective risk management policies and procedures may have a material adverse effect on the Group's business, results, financial condition and prospects.

The Group is vulnerable to adverse market perception arising as a result of reputational damage, especially as it operates in a highly regulated industry.

The Group must display a high level of integrity and have the trust and the confidence of its customers and its advisers. Any mismanagement, fraud or failure to satisfy fiduciary responsibilities, or any negative publicity resulting from the Group's activities, the activities of a third party to whom or from whom the Group has licensed its brands or to whom or from whom it has outsourced any services, or any accusation by a third party in relation to the Group's activities (in each case, whether well founded or not) that is associated with the Group or the industry generally (such as those that arose in respect of mortgage endowments, split-capital investment trusts or payment protection insurance), could have a material adverse effect on the Group's results, financial condition and prospects, including:

- reducing public confidence in the Group including shareholder willingness to subscribe for new equity;
- decreasing its ability to retain current policyholders;
- adversely affecting the willingness of counterparties to sell closed-book companies or portfolios to the Group;

- increasing the likelihood that the FCA and PRA or non-UK regulators will not approve acquisitions or insurance business transfers necessary to effect intra-Group consolidations of closed-book companies or portfolios or will subject the Group to closer scrutiny than would otherwise be the case;
- increasing costs of borrowing, including in debt capital markets transactions;
- adversely affecting the Group's ability to obtain reinsurance or to obtain reasonable pricing on reinsurance; and
- decreasing customers' willingness to invest in or acquire particular products.

There have been a number of highly publicised cases involving fraud or other misconduct by employees in the financial services industry in recent years. It is not always possible to deter or prevent employee misconduct and the precautions the Group takes to prevent and detect this activity may not be effective in all cases. The Group therefore runs the risk that employee misconduct could occur, with possible adverse effects on the Group as set out above.

The Group is also exposed to the risk that it fails to deliver fair outcomes for its customers, leading to adverse customer experience and/or potential detriment. Such matters could lead to reputational damage and/or have a material adverse effect on the financial condition of the Group.

Any of the above could have a material adverse effect on the Group's business, results, financial condition and prospects.

Increases in liabilities relating to product guarantees may adversely affect the Group.

In the 1970s and 1980s, when interest rates were higher than they currently are or have been in recent years, UK life insurance companies (including certain of the Life Companies) sold pension contracts that contained certain guarantees or options, including guaranteed annuity options that allowed the policyholder to elect to take the lump sum payable upon the maturity of the pension and apply the funds to purchase an annuity at a minimum guaranteed rate. During the last decade, long-term interest rates have declined. As a result, the Group may have to meet the cost of the mismatch between the performance of the underlying assets and the guaranteed annuity which they are obliged to provide to relevant policyholders.

Similarly, some of the products sold in Germany by SLAL contain terms which guarantee certain of the relevant customer benefits. For example, the German with-profits products contain guaranteed annuity terms and roll-up terms. This is particularly relevant where the Group's liabilities under the products are unhedged or cannot be provided for using pre-existing assets like the inherited with-profit estate.

The Life Companies have existing liabilities relating to guarantees and options contained in policies, which are increased by adverse movements in interest rates, increasing life expectancy and the proportion of customers exercising their options. The Group has purchased derivatives that provide some hedge protection against movements in interest rates but not all such interest rate risk is hedged and it may not be possible, feasible or desirable to hedge such risks in the future. The Group is also exposed to counterparty risk in respect of such financial instruments. The most significant factors affecting the cost of these liabilities relating to guarantees and options relative to the provisions made are the number of customers electing to exercise their option to take the more favourable annuity rates, the relative values of any hedge derivatives that may be maintained from time to time, interest rates and the longevity rates of annuity holders.

If the existing mismatch between the performance of the underlying assets and the guaranteed annuity benefits increases, the Group's business, results, financial condition and prospects could be materially adversely affected.

The Group is exposed to risks arising from new business.

The Group is primarily focused on the efficient management of in-force policies and has historically written a limited number of new policies (broadly as increments to existing policies and annuities for current policyholders when their policies mature). The Group writes a limited set of directly marketed protection policies, including "Guaranteed Over 50s" policies (life insurance policies available to people over 50 years of age, which pay out upon the death of the life assured). The Group also contains companies (SLIDAC and SLAL) that manufacture workplace pensions, self-invested personal pensions ("**SIPP**"s), drawdown products, onshore bonds and offshore bonds and conducts new business in Ireland and Germany. The risks associated with new business include underwriting risk, uncompetitive pricing, operational risk from processing new business, conduct risk, the risk of increased FCA (and other regulatory) supervision for example in respect of marketing activities and regulatory capital requirements. In particular, there is a dependency on Standard Life Aberdeen distributing SLIDAC and SLAL products and services, details of which are defined in the Client Service and Proposition Agreement (as defined herein). If the Group is unable to successfully meet the challenges of these new and/or increased risks, this could have a material adverse effect on the Group's business, results, financial condition and prospects.

In addition, the Group must ensure its propositions meet the needs of customers and clients, both in relation to new and existing business. If the Group's propositions do not meet the needs of customers and clients, this could adversely impact the Group's ability to deliver the growth levels assumed in its business plans, which could in turn cause increased outflows or reduced new business levels and have a material adverse effect on the financial condition and prospects of the Group.

The Group may encounter risks through its participation in the bulk annuity market.

The Group is now marketing bulk annuity policies to the trustees of defined benefit pension schemes and completed seven transactions between 2018 and 2019 and, as at the date of this Prospectus, has completed several further transactions in 2020. There is a risk that bulk annuity business could generate losses, in particular if longevity expectations are different to those assumed in the pricing of the contracts or if the Group fails to generate sufficient investment returns on the investments supporting the Group's liabilities under such arrangements. To the extent the Group reinsures longevity risk arising from bulk annuity policies, this will increase the Group's exposure to reinsurer credit risk with respect to its ability to recover amounts due from reinsurers under such arrangements.

The Group's success will depend upon its ability to attract, motivate and retain key personnel.

The calibre and performance of the Group's senior management and other key employees are critical to the success of the Group. The continued success of the Group will depend on its ability to attract, motivate and retain highly skilled management and other personnel, including lawyers, actuaries, portfolio and liability managers, analysts, IT professionals and executive officers. Competition for qualified, motivated and skilled personnel in the life insurance industry remains significant. Moreover, in order to retain certain key personnel, the Group may be required to increase compensation to such individuals, resulting in additional expenses.

If the Group is unable to attract, motivate and retain key personnel, its business, results, financial condition and prospects could be materially adversely affected.

The Group may be required to make further contributions, in addition to those already agreed, to its defined benefit pension schemes for employees if the value of or cashflows from pension fund assets is not sufficient to cover future obligations under the schemes.

The Group operates several different pension schemes. Of these, the three main pension schemes with defined benefit sections are: the scheme covering the past and present employees of the Group prior to the acquisition of Pearl Group Holdings (No.1) Limited (previously Resolution plc) ("**PGH1**") and its subsidiaries and,

where the context requires, the on-sold assets of PGH1 until their disposal (the "**Resolution Group**") (the "**Pearl Pension Scheme**"); the scheme covering the past and present employees of the Resolution Group and the employees of the former AXA Wealth Limited's pensions and protections business ("**SunLife Embassy Business**") (the "**PGL Pension Scheme**"); and the scheme relating to the former employees of Abbey Life Assurance Company Limited ("**ALAC**"), Abbey Life Trustee Services Limited and Abbey Life Trust Securities Limited (together, "**Abbey Life**") (the "**Abbey Life Pension Scheme**"). Each of those schemes has both defined benefit and defined contribution sections. The defined benefit sections of all three schemes are closed to new members and future accrual and contain no active members. Following completion of the ReAssure acquisition, the Group operates an additional defined benefit scheme, the ReAssure Staff Pension Scheme (the "**RSPS**"), which is also closed to new members and future accrual of benefits, and a Private Retirement Trust ("**PRT**"), which is an unapproved single member defined benefit scheme in relation to a former employee of the business being acquired.

The pension schemes' trustees are required to undertake triennial valuations of the schemes and agree statutory funding plans with the Group, although the trustees are free to call for a further valuation on an earlier date if they see fit. Any future decline in the value of scheme assets, changes in mortality and/or morbidity rates, future changes in interest rates, changes in inflation rates, changes in the current investment strategies of the pension schemes and/or changes in the financial strength of the schemes' statutory employers could increase or contribute to the pension schemes' funding deficits and require the Group to make additional funding contributions in excess of those currently expected. As is the case for all formerly contracted-out defined benefit pension schemes in the UK, the liabilities of the schemes, and so the funding level is also likely to be impacted by the outcome of the recent High Court judgment requiring equality in the provision of guaranteed minimum benefits. The Group does not believe there is a material risk of additional deficit repair contributions being required within the next 12 months.

The triennial valuation for the PGL Pension Scheme as at 30 June 2018 was completed in July 2019. This showed a surplus of £246 million on the agreed technical provisions basis as at 30 June 2018. Since 1 March 2019, all defined benefits in the PGL Pension Scheme have been insured with PLL. No further contributions are scheduled to be paid.

The triennial valuation for the Pearl Pension Scheme as at 30 June 2018 was completed in June 2019. This showed a surplus of £104 million on the agreed technical provisions basis as at 30 June 2018. The trustees of the Pearl Pension Scheme and PGH2 entered into a pensions funding agreement on 27 November 2012 (the "**2012 Pensions Agreement**") under which the trustees agreed the technical provisions basis to be used for each triennial valuation and agreed the contributions payable to the scheme. Under this agreement, which was amended and restated on 29 June 2017, following the 2015 valuation discussions, PGH2 is required to pay contributions of £3.33 million per month until September 2021.

The triennial valuation for the Abbey Life Pension Scheme as at 31 March 2018 showed a deficit of £98 million on the agreed technical provisions basis. The trustees of the Abbey Life Pension Scheme and PeLHL entered into an agreement on 29 June 2017 under which PeLHL will pay contributions of £400,000 per month between July 2017 and June 2026. PeLHL is also required to pay an additional £4 million per annum into a charged escrow account (the "**2016 Charged Account**"). A separate charged account was set up as part of a funding agreement entered into in June 2013 (the "**2013 Charged Account**"). The 2013 Charged Account and the 2016 Charged Account contained a combined £50.9 million as at 30 June 2019. If the scheme shows a deficit on a defined technical provisions basis as at 31 March 2021, PeLHL must pay to the scheme the lower of the deficit and the value of the assets in the 2013 Charged Account. If the scheme shows a deficit on a defined technical provisions basis as at 31 March 2027, PeLHL must pay to the scheme the lower of the deficit and the value of the assets in the 2016 Charged Account.

The triennial valuation for the RSPS as at 31 December 2017 showed a deficit of £59 million on the agreed technical provisions basis. However, no deficit repair contributions are being made directly into the RSPS. Instead, in accordance with a funding agreement dated 8 July 2016 entered into with the RSPS trustees, the scheme employer funds a security account with assets that are ring-fenced for the benefit of the RSPS. That account currently holds assets of around £59 million. The RSPS actuary expects that if the assumptions set out in the RSPS's 2017 valuation are borne out in practice, the amount expected to be held in the security account as at 31 December 2025 would be more than sufficient to remove any remaining deficit at that date on an agreed "self-sufficiency basis". If not, then the scheme employer would need to reach agreement with the RSPS trustees as to the continued funding of the RSPS.

The PRT does not in law require an actuarial valuation. As at 31 December 2019 it had a deficit on an IAS19 basis of £2.0 million.

The Pensions Regulator has statutory powers to demand contributions from companies connected or associated with an employer in a defined benefit pension scheme (such as other entities within a group), including powers to issue Financial Support Directions or Contribution Notices. The powers may be exercised against any entity which is "connected" or "associated" (using Insolvency Act 1986 definitions) with the company which participates in the scheme. Changes to the employer covenant supporting any of the Pearl Pension Scheme, the PGL Pension Scheme, the Abbey Life Pension Scheme and/or RSPS could therefore expose any connected or associated Group or Group entity to the Pensions Regulator's powers for a period of up to 6 years afterwards.

In March 2018, the Department for Work and Pensions issued a White Paper, "Protecting Defined Benefit Pension Schemes", which includes proposals to extend the Pensions Regulator's powers, including to issue punitive fines on targets of a "Contribution Notice", to take enforcement action in relation to scheme funding and to include additional requirements on employers undertaking certain corporate activities to notify the Pensions Regulator and consult with pension scheme trustees. The Pension Schemes Bill 2019 introduced in the last Parliamentary session fell away with the General Election but is expected to be reintroduced on the same terms. The White Paper also included proposals for variations to the statutory funding requirements for defined benefits schemes, which could affect the valuation of assets and liabilities of the schemes at their next triennial valuations.

The Pensions Regulator also has statutory powers to intervene in pension scheme funding if the employers and trustees fail to reach agreement or if it is not satisfied that the statutory funding plans will eliminate the funding deficit in a timely manner.

Any of the above could have a material adverse effect on the Group's business, results, financial condition and prospects.

The Group is exposed to risks related to climate change, which could adversely affect its results, customer outcomes and operations.

The physical impact and transition risks of climate change pose potentially significant risks to the Group. The climate risk landscape continues to evolve and is of increasing importance to many regulators, governments, non-governmental organisations and investors.

The transition to a low carbon economy in the coming decades could have an adverse impact on global investment assets. The failure to understand and respond effectively to the physical and transitional risks associated with climate change could adversely affect the Group's business, results of operations, financial condition and prospects.

Additionally, rising global temperatures and more volatile weather patterns as a result of climate change, may impact operations and also demographic risks.

The physical influences from climate change may expose residential properties in certain locations to increased risk of damage which may results in a reduction to their market value. This could increase the cost of guarantees in relation to equity release mortgages secured against those properties.

If the Group experiences difficulties arising from outsourcing relationships, its ability to conduct business may be compromised.

Certain Group companies outsource almost all of their key customer service, policy administration, accounts collection, human resource payroll and administration functions under formal outsourcing arrangements. The Group only enters into outsourcing relationships with firms which the Group believes have the know-how, expertise and business models that put such services at the core of their offerings. In addition, in connection with certain transactions, the Group enters into transitional service arrangements with vendors to supply services back to the holding companies which divested of their businesses to the Group. The businesses acquired through the SLA Acquisition, along with the ReAssure Group business, make use of a number of outsourcing and transitional services arrangements and these are expected to continue for the next six months to five years.

The Group aims to maintain effective systems and controls for outsource providers and transitional service providers in compliance with the Group's ongoing obligations. However, there can be no assurance that such systems and controls will be completely successful in seeking to avoid, or reduce the potential effects of, underperformance. In particular, while the outsourcing and transitional service relationships are carefully monitored, underperformance may also result in breaches of applicable law and regulation, which could result in regulatory intervention. There is also a risk that the providers will not be able to keep up with the pace of legal and/or regulatory change, in which case the Group's operations may become non-compliant.

If the Group does not effectively develop, implement and monitor its outsourcing strategy or its transitional services relationships (including any related contingency plans) do not perform as anticipated or the Group experiences problems with a transition of service arrangements, the Group may experience poor investment returns, operational difficulties, increased costs, reputational damage and a loss of business that may have a material adverse effect on the Group's business, results, financial condition and prospects. The high cost barriers to entry and the previous consolidation of the outsourcing industry has led to an increased exposure for the Group to fewer third party policy administration suppliers lessening the number of supply options. In addition, the expected or unexpected decline or insolvency of one or more of the Group's third party service providers leading to a reduced ability, or an inability, to provide relevant services could have a material adverse effect on the Group's ability to sustain its ongoing operations, which could have a material adverse effect on the Group's business, and require the use of effective contingency options to manage the impact on the Group's results, financial condition and prospects.

The Group relies predominantly on third party asset management firms outside the Group to manage its assets (in particular Standard Life Aberdeen). Periods of underperformance of the asset management firms appointed by the Group could lead to material redemptions or impact the ability to attract business in the funds of the Group, and the performance of such firms (and therefore the performance of its investments) may be adversely affected by mismanagement of client assets or liabilities and the loss of key investment managers.

The Group relies predominantly on outside third party asset management firms to manage its assets (in particular Standard Life Aberdeen). Members of the Group enter into investment management agreements when they appoint third party asset management firms to manage their assets. Such investment management agreements typically contain provisions relating to performance conditions, the breach of which can permit the early withdrawal of assets from third party asset managers. The Group only enters into third party asset management relationships with firms which the Group believes have the know-how, expertise and business

models appropriate for the provision of asset management services to the Group. The Group aims to maintain effective systems and controls for third party asset management firms in compliance with the Group's ongoing obligations. However, there can be no assurance that such provisions would be successful in seeking to avoid or reduce the potential effects of underperformance by third party asset management firms.

If the investment performance of the third party asset management firms appointed by the Group represents underperformance relative to other asset management firms, the Group's policyholders may seek to redeem their policies. In addition, the Group derives a significant portion of its income from its share of the appreciation of investments held in shareholder, non-profit and with-profit funds. Therefore, where lower returns on those assets occur, this reduces the level of income derived by the Group. Any of these factors could have a material adverse effect on the Group's business, results, financial condition and prospects.

The performance of the third party asset management firms appointed by the Group are also subject to risks associated with the process of managing client assets and providing asset and liability management services, such as the risk of failure to manage the investment process or execute trading activities properly. Such failure could lead to poor investment decisions, incorrect risk assessments, poor asset allocation, inappropriate investments being bought or sold and incorrectly monitoring exposures. A failure by asset management firms to effectively manage the Group's assets, interest rate and liquidity risks could have a material adverse effect on the Group's business, results, financial condition and prospects.

The Group may be adversely affected by third party reinsurers' unwillingness or inability to meet its obligations under reinsurance contracts, or potential variations and reductions in the nature and scope of cover through schemes of arrangement or portfolio transfers. In addition, the unavailability, adverse pricing and/or inadequacy of reinsurance arrangements may adversely affect the Group.

The Life Companies seek, through reinsurance with third parties, to transfer risk to reinsurers (and, in particular, in relation to the Life Companies, mortality, longevity and morbidity risk) that can cause unfavourable outcomes to its business. As a result, the Group has substantial exposure to reinsurers through reinsurance (or retrocession) arrangements in relation to the Life Companies. Under these arrangements, reinsurers assume all or a portion of the costs, losses and expenses associated with the reinsured (or retroceded) policies' claims and reported and unreported losses in exchange for a premium, or as part of a sale arrangement. However, the Life Companies generally remain liable as the direct insurer (or reinsurer) on all risks reinsured (or retroceded). Consequently, reinsurance arrangements do not eliminate the Group companies' obligation to pay claims. The Group companies are subject to reinsurer credit risk with respect to their ability to recover amounts due from reinsurers. Even where the reinsurer has an obligation to put up collateral in support of its operations, there can be no certainty that such collateral will satisfy the full amount of the Group's liabilities.

While the Group regularly evaluates the financial condition of its reinsurers to minimise its exposure to significant losses from reinsurer defaults and insolvencies, reinsurers may become financially unsound or choose to dispute their contractual obligations when they become due. Reinsurers may also seek to "cut off" the obligations they owe under the reinsurance arrangements by schemes of arrangement. A scheme of arrangement allows an insurer or reinsurer to achieve finality for its exposure to certain policies by giving creditors a fair valuation of ultimate liabilities (i.e., settling all known claims balances and incurred but not reported balances). A scheme of arrangement may limit the benefit of reinsurance protections and ultimately the amount available to pay out subsequent claims.

In addition, market conditions beyond the Group's control determine the availability and cost of the reinsurance that the Group is able to purchase in the event that the existing reinsurance arrangements prove to be insufficient. Historically, reinsurance pricing has changed significantly from time to time. No assurances can be given that reinsurance will remain continuously available to the Group to the same extent and on the

same terms as are currently available or which were available at the time that the current arrangements were established. If the Group were unable to maintain its current level of reinsurance or purchase new reinsurance protection in amounts that the Group considers sufficient and at prices that it considers acceptable, the Group would have to either accept an increase in its net liability exposure or develop other alternatives to reinsurance.

The availability of reinsurance to the Life Companies may also depend on the precise terms of the UK's Brexit transition arrangements.

Third party reinsurers' unwillingness or inability to meet their obligations under reinsurance contracts, or potential variations and reductions in the nature and scope of cover through schemes of arrangement and the unavailability, adverse pricing or inadequacy of reinsurance arrangements could have a material adverse effect on the Group's business, results, financial condition and prospects.

The withdrawal of assets from investment management agreements with Standard Life Aberdeen companies may expose the Group to purchase price adjustments and other costs or claims.

In July 2014, the Group completed the divestment of Ignis Asset Management ("**Ignis**"). The divestment agreement contains certain warranties and indemnities in favour of Standard Life Investments (Holdings) Limited ("**Standard Life Investments**"). In addition, in the divestment agreement, PGH Cayman agreed with Standard Life Investments that it will guarantee the payment obligations of Impala Holdings Limited ("**Impala**") under that agreement, including warranties and indemnities given by Impala to Standard Life Investments. The extent to which the Group will be required in the future to incur costs under any of these warranties, agreements or indemnities is not predictable and, if the Group should incur such costs, these costs may have an adverse effect on the Group's business, results, financial condition and prospects.

As a result of the completion of the SLA Acquisition, the purchase price adjustment mechanism which applied upon the divestment of Ignis has been modified such that it has: (i) been extended to apply for a ten-year period from the completion of the SLA Acquisition; (ii) been expanded to apply to withdrawals of certain additional Group assets managed by Standard Life Aberdeen; and (iii) a different agreed run-off profile to the initial Ignis purchase price adjustment. In addition, the notional fees which would have been paid in respect of withdrawn assets were determined by reference to the highest management fee paid for such assets in the three years preceding the withdrawal (instead of a pre-determined fee profile). As with the initial Ignis purchase price adjustment, where the mandate for new assets acquired by the Group is awarded to a Standard Life Aberdeen subsidiary, any purchase price adjustments due in a year under the revised purchase price agreement shall be reduced by the value of the fees paid to a Standard Life Aberdeen subsidiary in that year. Where a purchase price adjustment is due, adjustments will be made to the consideration paid by PGH Cayman in respect of the SLA Acquisition.

The purchase price adjustment arising from the SLA Acquisition could result in the Group incurring a cost which would need to be funded from its internal cash resources from time to time. Any adjustments to the purchase price paid in respect of the SLA Acquisition or any increased regulatory capital requirements in relation to the purchase price adjustment mechanism may reduce PGH's cash resources and/or have an adverse effect on its financial condition and/or a material adverse effect on the Group's business, results, financial condition and prospects.

The costs and effects of threatened, pending or future legal or arbitration proceedings, including with any of PGH's major shareholders, or adverse developments with respect thereto, could have a material adverse effect on the Group's business, results, financial condition and prospects.

From time to time, the Group is party to or is threatened with legal or arbitration proceedings in respect of which monetary damages, compensation or specific performance can be sought.

As a consolidator of life and pensions books, the Group enters into share purchase and other acquisition agreements from time to time, as well as transitional service arrangements with sellers to supply services to, or for the supply of services by, businesses which are sold to the Group as part of the process of separation from the seller. The Group may also enter into longer term arrangements as part of an ongoing relationship. If there are disagreements over the terms of such agreements, such transitional services and other arrangements do not perform as anticipated or the cost of such arrangements is not as anticipated, disputes may arise between the Group and its counterparties and the Group may threaten, or be threatened with, legal or arbitration proceedings from time to time.

On 23 February 2018, PGH Cayman (as buyer) and Standard Life Aberdeen (as seller) entered into a share purchase agreement, which was amended and restated on 28 May 2018 and on 31 August 2018 (the "**SLA Share Purchase Agreement**"), pursuant to which the Group acquired the entire share capital of SLAL. In connection with the SLA Acquisition, certain members of the Group entered into a transitional services agreement on 31 August 2018 with certain members of the Standard Life Aberdeen group (the "**SLA Transitional Services Agreement**"), pursuant to which certain services were agreed to be provided from one group to the other group for a specified period. In addition, certain members of the Group entered into a client service and proposition agreement on 31 August 2018 with certain members of the Standard Life Aberdeen group (the "**SLA Client Service and Proposition Agreement**"), which set out the terms under which the parties would provide services and support to each other with respect to certain client propositions, products and services. The Group is currently engaged in ongoing discussions with members of the Standard Life Aberdeen group in respect of disagreements over the operation of certain aspects of the SLA Share Purchase Agreement relating to services and expenses, and the scope and cost of services provided pursuant to the SLA Transitional Services Agreement, the SLA Client Service and Proposition Agreement and certain other agreements between the Group and members of the Standard Life Aberdeen group. Whilst PGH and Standard Life Aberdeen are currently seeking a commercial resolution in respect of such disagreements, it is possible that all or some of these matters (and any other disagreements which may arise from time to time in respect of these agreements) could be escalated to a dispute resolution process provided for in the relevant agreements. If PGH and Standard Life Aberdeen fail to reach agreement, either party could threaten or commence legal or arbitration proceedings. In the event that such proceedings are threatened or commenced by one of the parties, the Group may incur substantial expense in pursuing or defending such proceedings. There is no certainty as to how the current disagreements will be resolved but it is possible that the resolution may result in a reduction in the revenues charged in respect of services provided to members of the Standard Life Aberdeen group. A failure to reach a commercial resolution in respect of all or some of these disagreements could adversely affect the Group's relationship with Standard Life Aberdeen.

The Group's management cannot predict with certainty the outcome of pending or threatened legal or arbitration proceedings or potential future legal or arbitration proceedings, and the Group may incur substantial expense in pursuing or defending these proceedings. Potential liabilities may not be covered by insurance, the Group's insurers may dispute coverage or may be unable to meet their obligations, or the amount of the Group's insurance coverage may be inadequate. Moreover, even if claims brought against the Group are unsuccessful or without merit, the Group would have to defend itself against such claims. The defence of any such actions may be time consuming and costly, may distract the attention of management and potentially result in reputational damage. As a result, the Group may incur significant expenses and may be unable to effectively operate its business. Accounting provisions recognised by the Group in its financial statements may prove to be insufficient. Any of the above and any adverse outcomes and reputational damage arising out of any such proceedings could have a material adverse effect on the Group's business, results, financial condition and prospects.

Other Risks

The Group could be materially adversely affected by its indebtedness.

The Group's indebtedness and restrictions on the Group under the terms of its bonds, notes and the Revolving Credit Agreement could have a material adverse effect on the Group, including:

- requiring the Group to dedicate a substantial portion of its cashflow to payments on its debt;
- restricting the Group from pursuing potential acquisition opportunities or preventing the Group from being able to obtain regulatory approval for a potential acquisition opportunity, which could impair the Group's ability to execute its acquisition strategy;
- exposing the Group to changes in interest rates, which can impact the price of fixed rate debt or the interest cost of variable rate debt (if any);
- placing the Group at a competitive disadvantage compared to its competitors that have lower levels of indebtedness;
- the Group losing its investment grade rating;
- limiting the Group's flexibility in planning for, or reacting to, changes in its business and industry; and
- limiting, among other things, the Group's ability to borrow additional funds or raise equity capital in the future and increasing the costs of such additional financings.

The Group may need to refinance the remaining outstanding principal amount of its bonds, notes and credit facilities (if applicable) either on terms which could potentially be less favourable than the existing terms or under unfavourable market conditions.

On the other hand, the Group's leverage has a positive effect on the Group's value through the beneficial impact of the tax deductibility of interest and so any significant reduction in its indebtedness and associated interest costs may have an adverse impact on the Group's value as a consequence of higher tax payments than currently projected by the Group. There can be no assurance that the Group will, in the future, continue to benefit from tax deductions for its interest costs to the same extent.

The level of the Group's indebtedness and financing structure could therefore have a material adverse effect on the Group's business, results, financial condition and prospects.

The finance facilities and debt instruments that the Group has entered into include covenants that may restrict the Group from taking certain business actions and/or implementing its business strategies.

The agreements that govern the Group's finance facilities and debt instruments contain certain restrictions limiting its flexibility in operating its business. Such restrictions limit the Group's ability to:

- create liens;
- borrow money;
- sell or otherwise dispose of assets; and
- engage in mergers or consolidation.

These restrictions could in the longer term hinder the Group's ability to implement its business strategies. The Group is also subject to other financial and non-financial restrictions that may limit its ability to pay

dividends. In addition, a breach of the terms of the Group's finance facilities or debt instruments could cause a default under the terms of those finance facilities or debt instruments, causing some or all of the debt under those financing arrangements to become due prior to its scheduled maturity date.

Changes in taxation law may adversely impact the Group.

There are specific rules governing the UK taxation of policyholders. The Group's management cannot necessarily predict the impact of future changes in tax law on the taxation of life and pension policies in the hands of policyholders. Amendments to existing legislation (particularly if there is a withdrawal of any tax relief or an increase in tax rates) or the introduction of new rules may impact upon the decisions of policyholders, and could have a material adverse effect on the Group's business, results, financial condition and prospects.

More generally, UK and overseas taxation law includes rules governing company taxes, business taxes, personal taxes, capital taxes, value added taxes and other indirect taxes. The Group's management cannot predict the impact of future changes in UK and overseas tax law on its business. From time to time, changes in the interpretation of existing UK and overseas tax laws, amendments to existing tax rates, changes in the practice of tax authorities, or the introduction of new tax legislation in the UK or overseas may adversely impact the Group's business, results, financial condition and prospects.

Specifically, there have been significant changes both made and proposed to international tax laws that increase the complexity, burden and cost of tax compliance for all multinational groups. The Organisation for Economic Co-operation and Development ("**OECD**") is continuously considering recommendations for changes to existing tax laws. While the Group does not currently expect its business to be materially impacted by the OECD's ongoing review, the proposed changes to the laws governing international tax is yet to be agreed, let alone implemented, by member states. The Group continues to monitor these and other developments in international tax law.

The effect of future changes in tax legislation on specific products may have an adverse effect on the Group and may lead to policyholders attempting to seek redress where they allege that a product fails to meet their reasonable expectations.

The design of long-term insurance and annuity products is predicated on tax legislation applicable at that time. However, future changes in tax legislation or in interpretation of the legislation may, when applied to these products, have a material adverse effect on the financial condition of the relevant Group companies in which the business was written and therefore have a material negative impact on policyholder and the Group's returns.

The design of long-term products takes into account, among other things, risks, benefits, charges, expenses, investment returns (including bonuses) and taxation. Policyholders may seek legal redress where a product fails to meet their reasonable expectations. An adverse outcome of such legal redress and reputational damage arising out of such legal redress could have a material adverse effect on the Group's business, results, financial condition and prospects.

Changes to the current VAT rules may result in VAT being chargeable on certain outsourcing agreements of the Group.

Group companies currently do not pay significant amounts of value added tax ("**VAT**") in respect of services they receive under their outsourced services agreements for policy administration. If the amount of VAT payable were to increase then this would increase the Group's costs to the extent that the relevant agreements did not contain adequate protection against VAT being charged or increased. VAT charged on goods and services is largely irrecoverable for financial services groups such as the Group.

Services supplied under the outsourced services agreements are largely exempt from VAT under the UK's insurance intermediaries' exemption. The Court of Justice of the European Union (the "**CJEU**") has considered the scope of the insurance intermediaries' exemption in a number of cases, most recently in March 2016, and ruled that certain types of outsourced insurance services were subject to VAT. The UK's interpretation of the insurance intermediaries' exemption is out of step with these judgments. However, the UK government has historically been supportive of a wider exemption. It remains to be seen how the impact from Brexit, during transition and thereafter, will affect this view and the applicability of such CJEU decisions. If any such changes are effected, this may lead to the conclusion that certain services under the Group's outsourced services agreements for policy administration would be treated as subject to VAT. Although certain of the outsourced services agreements have a measure of protection against such changes, since VAT is largely irrecoverable by the Group, such treatment could have a material adverse effect on the Group's business, results, financial condition and prospects.

Risks relating to Notes generally

Words and expressions defined in "Terms and Conditions of the Senior Notes", "Terms and Conditions of the Tier 3 Notes" and "Terms and Conditions of the Tier 2 Notes" below shall, as appropriate, have the same meanings in this section.

Set out below is a brief description of certain risks relating to the Notes generally:

Modification, waivers and substitution

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who do not attend and vote at the relevant meeting and Noteholders who vote in a manner contrary to the majority.

The Terms and Conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, agree to (i) subject (in the case of any Series of Subordinated Notes) to satisfaction of the Regulatory Clearance Condition, any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes or (ii) the substitution of another company as principal debtor under any Notes in place of the Issuer in each case in the circumstances described in the Terms and Conditions of the Notes. In the event of any such substitution, the Trustee shall be entitled to agree to amendments of the terms of the Notes and the Trust Deed without the consent of the Noteholders. Any such substitution shall be subject to PGH having complied with the Regulatory Clearance Condition. See "*Information on the Group - Structure of the Group*".

The terms of the Notes contain very limited covenants

There is no negative pledge in respect of the Subordinated Notes. PGH is generally permitted to sell or otherwise dispose of any or substantially all of its assets to another corporation or other entity under the terms of the Subordinated Notes. If PGH decides to dispose of a large amount of its assets, investors in the Subordinated Notes will not be entitled to declare an acceleration of the maturity of the Subordinated Notes, and those assets will no longer be available to support the Subordinated Notes.

In addition, the Notes do not require PGH to comply with financial ratios or otherwise limit its ability or that of its subsidiaries to incur additional debt, nor do they limit PGH's ability to use cash to make investments or acquisitions, or the ability of PGH or its subsidiaries to pay dividends, repurchase shares or otherwise distribute cash to shareholders. Such actions could potentially affect PGH's ability to service its debt obligations, including those of the Notes.

Notes where denominations involve integral multiples

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another similar amount, it is possible that the Notes may be traded in amounts in excess of the minimum Specified Denominations that are not integral multiples of such minimum Specified Denominations (as defined in the applicable Final Terms). In such a case a Noteholder, who as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Notes subject to optional redemption by the Issuer

An optional redemption feature (including one based on adverse tax consequences as is contained in the Terms and Conditions of the Senior Notes, the Tier 3 Notes and the Tier 2 Notes) is likely to limit the market value of Notes. In relation to the other special event redemption rights contained in the Terms and Conditions of the Tier 3 Notes and the Tier 2 Notes, see the risk factor entitled "*Early Redemption*" below. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes, in among other circumstances, when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared with conventional interest-bearing securities with comparable maturities.

No limitation on PGH issuing further securities

There is no contractual restriction on PGH creating liabilities ranking equally with or senior to any Series of Subordinated Notes and no restriction on the amount of securities which PGH may issue or guarantee which securities rank *pari passu* with any Series of Senior Notes. The negative pledge contained in the Terms and Conditions of the Senior Notes contains a number of exceptions. The issue or granting of security in relation to any other liabilities may reduce the amount recoverable by Noteholders on a winding-up of the Issuer. In the winding-up of the Issuer and after payment of the claims of their respective more senior ranking creditors, there may not be a sufficient amount to satisfy the amounts owing to the Noteholders under the relevant Series of Notes.

PGH is a holding company

PGH is the parent company of the Group. The operations of the Group are conducted by the operating subsidiaries of PGH. Accordingly, creditors of a subsidiary would have to be paid in full before sums would be available to the shareholders of that subsidiary and thereafter (by the payment of dividends to PGH) to Noteholders in respect of any payment obligations of PGH under the Notes. As the equity investor in its subsidiaries, PGH's right to receive assets upon their liquidation or reorganisation will be effectively subordinated to the claims of creditors of its subsidiaries. To the extent that PGH is recognised as a creditor of such subsidiaries, PGH's claims may still be subordinated to any security interest in, or other lien on, their assets and to any of their debt or other obligations that are senior to PGH's claims. See also the risk factor entitled "*The Holding Companies are dependent upon distributions from their subsidiaries to cover operating expenses, debt interest and repayments, pension scheme contributions and dividend payments. In times of severe market turbulence, the Group may not in the longer term have sufficient capital or liquid assets to make sufficient distributions to the Holding Companies, or to meet its payment obligations, or it may suffer a loss in value*" above.

The Issuer may not be liable to pay certain taxes

All payments by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Relevant Jurisdiction (as defined in the Conditions for the relevant Series), unless the withholding or deduction is required by law. In that event, in respect of payments of interest (but not principal or any other amount), the Issuer will (subject to certain customary exceptions) pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders in respect of payments of interest after the withholding or deduction shall equal the amounts which would have been receivable in respect of interest on the Notes in the absence of such withholding or deduction.

Potential investors should be aware that neither the Issuer nor any other person will be liable for or otherwise obliged to pay, and the relevant Noteholders will be liable for and/or pay, any tax, duty, charge, withholding or other payment whatsoever which may arise as a result of, or in connection with, the ownership, any transfer and/or any payment in respect of the Notes, except as provided for in the relevant Conditions.

In particular, the Subordinated Notes do not provide for payments of principal to be grossed up in the event withholding tax of the Relevant Jurisdiction is imposed on repayments of principal. As such, PGH would not be required to pay any Additional Amounts under the terms of the Subordinated Notes to the extent any withholding or deduction applied to payments of principal. Accordingly, if any such withholding or deduction were to apply to any payments of principal under the Subordinated Notes, Noteholders may receive less than the full amount due under the Subordinated Notes and the market value of the Subordinated Notes may be adversely affected.

Risks relating to the Subordinated Notes

Words and expressions defined in "Terms and Conditions of the Tier 3 Notes" and "Terms and Conditions of the Tier 2 Notes" below shall, as appropriate, have the same meanings in this section.

Set out below is a brief description of certain additional risks relating to the Tier 2 Notes and the Tier 3 Notes:

PGH's obligations under the Subordinated Notes are subordinated

The Tier 3 Notes will constitute direct, unsecured and subordinated obligations of PGH and rank *pari passu* and without any preference among themselves. The claims of holders of Tier 3 Notes will rank in priority to

the claims of holders of the Tier 2 Notes and will rank junior to the claims of Senior Creditors of the Issuer (including holders of Senior Notes) in an Issuer Winding-Up and otherwise as set out in "*Terms and Conditions of the Tier 3 Notes*".

The Dated Tier 2 Notes will constitute direct, unsecured and subordinated obligations of PGH and rank *pari passu* and without any preference among themselves. The claims of holders of Dated Tier 2 Notes will rank junior to the claims of Senior Creditors of the Issuer (including holders of Senior Notes and Tier 3 Notes) in an Issuer Winding-Up and otherwise as set out in and "*Terms and Conditions of the Tier 2 Notes*".

The Undated Tier 2 Notes will constitute direct, unsecured and subordinated obligations of PGH and rank *pari passu* and without any preference among themselves. The claims of holders of Undated Tier 2 Notes will rank junior to the claims of Senior Creditors of the Issuer (including holders of Senior Notes, Tier 3 Notes and (unless an Undated Notes Parity Election has been made) Dated Tier 2 Notes) in an Issuer Winding-Up and otherwise as set out in and "*Terms and Conditions of the Tier 2 Notes*".

While the Notes may pay a higher rate of interest than comparable notes which are not subordinated, there is a significant risk that an investor in the Subordinated Notes will lose all or some of its investment should PGH become insolvent.

Restricted remedy for non-payment when due under Subordinated Notes

If default is made by PGH for a period of 14 days or more in the payment of any amount due under the Subordinated Notes, the sole remedy against PGH available to the Trustee or (where the Trustee has failed to proceed against PGH as provided in the Conditions) any Noteholder for recovery of amounts which have become due in respect of the Notes will be the institution of proceedings for the winding-up of PGH and/or proving in any winding-up or in any administration of PGH and/or claiming in the liquidation of PGH.

Non-payment by PGH of any amounts when due will not, of itself, render the Notes immediately due and payable at their principal amount. Further, a Noteholder proving in any winding-up or in any administration of PGH and/or claiming in the liquidation of PGH may not be able to recover all amounts which have become due under the Subordinated Notes but remain unpaid. Accordingly, there is a significant risk that an investor in the Subordinated Notes will lose all or some of its investment should PGH fail to pay any such amounts when due.

Interest payments under the Subordinated Notes must be deferred under certain circumstances

In respect of the Tier 2 Notes only, if "Optional Interest Payment Date" is specified as being applicable in the relevant Final Terms or Pricing Supplement, PGH may on any Optional Interest Payment Date elect to defer paying interest on each Optional Interest Payment Date.

All payments by PGH under or arising from any Series of Subordinated Notes are conditional upon the Solvency Condition being satisfied at the time of such payment and immediately thereafter. The Solvency Condition provides that, other than in circumstances where an Issuer Winding-Up has occurred or is occurring (but subject to Condition 3(c) of the relevant Terms and Conditions), all payments under or arising from (including any damages awarded for breach of any obligations under) the Notes or the Trust Deed are conditional upon PGH being solvent (as that term is described in Condition 3(d) of the relevant Terms and Conditions) at the time for payment by PGH and still being solvent immediately thereafter. Other than in circumstances where an Issuer Winding-Up has occurred or is occurring, no amount will be payable under or arising from the Subordinated Notes or the Trust Deed unless and until such time as PGH could make such payment and still be solvent immediately thereafter (the "**Solvency Condition**").

Further, PGH is required to defer any payment of interest on any Series of Subordinated Notes pursuant to Conditions 3(d) and 5(b) in respect of the Tier 2 Notes and Conditions 3(d) and 5(a) of the Tier 3 Notes (i) in

the event that such payment cannot be made in compliance with the Solvency Condition (as noted above) or (ii) on each Regulatory Deficiency Interest Deferral Date (being an Interest Payment Date in respect of which a Regulatory Deficiency Interest Deferral Event has occurred and is continuing or would occur if payment of interest were made on such Interest Payment Date). The definition of Regulatory Deficiency Interest Deferral Event includes not only circumstances relating to PGH but also circumstances where the Insurance Group Parent Entity (as defined in the Conditions) or the Insurance Group itself is in breach of its capital requirements. As at the date of this Prospectus, the Insurance Group Parent Entity is PGH.

The deferral of interest as described above will not constitute a default by PGH and will not give Noteholders or the Trustee any right to accelerate repayment of the relevant Series of Subordinated Notes or take any enforcement action under such Notes or the Trust Deed for any purpose. Any interest so deferred shall, for so long as the same remains unpaid, constitute Arrears of Interest. Arrears of Interest do not themselves bear interest. Arrears of Interest may, subject to certain conditions, be paid by PGH at any time upon notice to Noteholders, but in any event shall be payable, subject to satisfaction of the Regulatory Clearance Condition (where applicable) and the Solvency Condition, on the earliest to occur of (a) the next Interest Payment Date which is not a Regulatory Deficiency Interest Deferral Date (as evidenced by delivery of the certificate referred to in Condition 5(b) in respect of the Tier 2 Notes and Condition 5(a) in respect of the Tier 3 Notes) and on which a scheduled payment of interest in respect of the Notes (or any part thereof) is made or is required to be made pursuant to these Conditions (other than a voluntary payment of Arrears of Interest), (b) the date on which an Issuer Winding-Up occurs or (c) the date fixed for any redemption or purchase of Notes by PGH pursuant to Condition 6 (subject to any deferral of such redemption date pursuant to the Solvency Condition or Condition 6(b)(i)) or Condition 10 of the relevant Terms and Conditions.

Any actual or anticipated deferral of interest payments will likely have an adverse effect on the market price of the Notes. In addition, as a result of the interest deferral provision of the Subordinated Notes, the market price of such Notes may be more volatile than the market prices of other debt securities that are not subject to such deferral of interest and may be more sensitive generally to adverse changes in the financial condition of PGH and, if different, the Insurance Group Parent Entity.

See also the risk factor entitled "*Regulatory capital and other requirements may change*" above.

Redemption payments under the Subordinated Notes must, under certain circumstances, be deferred

PGH must defer redemption of any Series of Subordinated Notes on the Maturity Date (if applicable) or on any other date set for redemption of such Subordinated Notes pursuant to Condition 6 of the relevant Terms and Conditions in the event that it cannot make the redemption payments in compliance with the Solvency Condition or if a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or would occur if the Subordinated Notes were redeemed by PGH on such date. The definition of Regulatory Deficiency Redemption Deferral Event includes not only circumstances relating to PGH but also circumstances where an insurance undertaking within the Insurance Group is in an insolvent winding-up or administration in circumstances where the claims of policyholders will or may not be met in full, or any such undertaking or the Insurance Group Parent Entity or the Insurance Group itself is in breach of its Solvency Capital Requirement. As at the date of this Prospectus, the Insurance Group Parent Entity is PGH.

The deferral of redemption of the Notes will not constitute a default by PGH and will not give Noteholders or the Trustee any right to accelerate repayment of the Notes or take any enforcement action under the Notes or the Trust Deed for any purpose. Where redemption of the Notes is deferred, subject to certain conditions (including satisfaction of the Regulatory Clearance Condition (if applicable) and the Solvency Condition), the Notes will be redeemed by PGH on the earliest of (a) the date falling 10 Business Days following cessation of the Regulatory Deficiency Redemption Deferral Event or (b) the date falling 10 Business Days after the PRA

has approved the repayment or redemption of the Notes (where such approval is required under the Relevant Rules) or (c) the date on which an Issuer Winding-Up occurs.

Any actual or anticipated deferral of redemption of the Notes will likely have an adverse effect on the market price of the Notes. In addition, as a result of the redemption deferral provision of the Notes, including with respect to deferring redemption on the scheduled Maturity Date, the market price of the Notes may be more volatile than the market prices of other debt securities without such deferral feature, including dated securities where redemption on the scheduled maturity date cannot be deferred. Accordingly, the Notes may be more sensitive generally to adverse changes in the financial condition of PGH and, if different, the Insurance Group Parent Entity.

See also the risk factor entitled "*Regulatory capital and other requirements may change*" above.

Early redemption

A Series of Subordinated Notes may, subject as provided in Condition 6 of the relevant Terms and Conditions, at the option of PGH, be redeemed before the Maturity Date (if any) at their principal amount, together with any Arrears of Interest and any other accrued but unpaid interest to (but excluding) the date of redemption, (i) at any time following the occurrence of a Capital Disqualification Event, (ii) following a Ratings Methodology Event (if Ratings Methodology Call is specified) or (iii) in the event of certain changes in the tax treatment of the Notes or payments thereunder due to a change in applicable law or regulation or the official interpretation thereof.

Broadly speaking, a Capital Disqualification Event will occur if, as a result of a change in the Relevant Rules (or in the official interpretation thereof) after the Issue Date, the whole or part of the relevant Series of Subordinated Notes, no longer qualifies as (in the case of Tier 2 Notes) Tier 2 Capital or (in the case of Tier 3 Notes) Tier 3 Capital for the purposes of PGH on a solo, group or consolidated basis or for the purposes of the Insurance Group on a group or consolidated basis.

Therefore, a Capital Disqualification Event would occur if only part of the principal amount of the Notes qualifies as Tier 2 Capital or Tier 3 Capital (as applicable) of PGH or the Insurance Group or a relevant undertaking within the Insurance Group.

As discussed in greater detail in the section of this Prospectus entitled "*Regulatory Overview*", the EU has only relatively recently developed the Solvency II framework for insurance companies, which, amongst other things, sets out features which any instruments (including subordinated instruments issued by insurance groups such as the Subordinated Notes) must have in order to qualify as regulatory capital. There can be no assurance that the relevant primary legislation, implementation measures and guidelines will not be amended in the future.

Accordingly, there is a risk that after the issue of the relevant Series of Subordinated Notes, a Capital Disqualification Event may occur which would entitle PGH to redeem such Notes early at their principal amount together with any Arrears of Interest and any other accrued and unpaid interest.

The triggers for redemption relating to changes in the tax treatment of the Notes or payments thereunder are circumstances where as a result of certain changes in, or amendments to, laws or regulations of a Relevant Jurisdiction or the application or official or generally published interpretation thereof (a) on the next Interest Payment Date, PGH would be required to pay Additional Amounts (as defined in the relevant Conditions), (b) PGH would not be able to claim a deduction from taxable profits for corporation tax purposes for or in respect of interest payable on the Notes (or for a material part of such interest) in the United Kingdom or (c) PGH suffers or would suffer any other material adverse tax consequence in connection with the Notes in a Relevant Jurisdiction (as defined in the Conditions).

At the time of any such redemption by PGH, prevailing interest rates may be lower than the rate borne by the relevant Series of Subordinated Notes. If that is the case, a Noteholder may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Subordinated Notes and may only be able to do so at a significantly lower rate. In addition, PGH's ability to redeem such Subordinated Notes at its option in certain limited circumstances may affect their market value. In particular, during any period when PGH may elect to redeem the Subordinated Notes, their market value generally will not rise substantially above the redemption price because of the optional redemption feature. This may also be true prior to any redemption period. Potential investors should consider reinvestment risk in light of other investments available at that time.

Risks relating to the market generally

Set out below is a brief description of certain market risks, including liquidity risk, interest rate risk, exchange rate risk and credit risk:

The secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable with similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of Notes.

Interest rate risk

Investment in Notes involves the risk that changes in market interest rates after the issue date may adversely affect the value of the Notes.

In particular, a holder of a security with a fixed interest rate is exposed to the risk that the price of such security falls as a result of changes in the current interest rate on the capital market (the "**Market Interest Rate**"). Potential movements in the Market Interest Rate over the life of the Notes are difficult to predict. While the nominal rate of a security with a fixed interest rate is fixed for a specified period, the Market Interest Rate typically changes on a daily basis. As the Market Interest Rate changes, the price of such security is likely to change in the opposite direction. If the Market Interest Rate increases, the price of such security typically falls, until the yield of such security is approximately equal to the Market Interest Rate. If the Market Interest Rate falls, the price of a security with a fixed compensation rate typically increases, until the yield of such security is approximately equal to the Market Interest Rate. Investors should be aware that movements of the Market Interest Rate can adversely affect the price of the Notes and can lead to losses for the Noteholders if they sell the Notes.

If specified in the relevant Final Terms or Pricing Supplement, on the First Reset Note Reset Date and each Reset Note Reset Date thereafter, the rate of interest on the relevant Series of Notes will be reset by reference to the then prevailing Benchmark Gilt Rate, CMT Rate or Mid-Market Swap Rate (as applicable), and for a period equal to the Reset Period, as adjusted for any applicable margin. The reset of the rate of interest in accordance with such provisions may affect the secondary market and the market value of such Notes and, following any such reset of the rate of interest, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest on the relevant Notes may be lower than the Initial Rate of Interest, the First Reset Rate of Interest and/or the previous Subsequent Reset Rate of Interest, thereby reducing the amount of interest payable to Noteholders and potentially leading to losses for the Noteholders if they sell the Notes as a result of a reduction in the secondary market bid prices for such Notes.

Floating Rate Notes and Fixed Rate Reset Notes

Reference rates and indices, including interest rate benchmarks such as EURIBOR and LIBOR (each as defined below), which are deemed to be "benchmarks" and which may be used to determine the amounts

payable under financial instruments or the value of such financial instruments have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a benchmark.

Any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

London interbank offered rate and Euro interbank offered rate

It is not possible to predict with certainty whether, and to what extent, the London interbank offered rate ("**LIBOR**") and/or the euro interbank offered rate ("**EURIBOR**") will continue to be supported going forwards. This may cause LIBOR and/or EURIBOR to perform differently than they have done in the past, and may have other consequences which cannot be predicted. The potential transition from LIBOR to SONIA (the Sterling Over Night Index Average) or the elimination of LIBOR, EURIBOR or any other benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the Terms and Conditions of the Notes, or result in other consequences, in each case in respect of any Notes referencing such benchmark. Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

The Terms and Conditions of the Notes provide for certain fallback arrangements if a published benchmark, including an inter-bank offered rate such as LIBOR, EURIBOR or other Original Reference Rate (as defined in the Terms and Conditions of the Notes), becomes unavailable. See Condition 4(n) of the terms and conditions of the Senior Notes, Condition 4(l) of the terms and conditions of the Tier 2 Notes and Condition 4(l) of the terms and conditions of the Tier 3 Notes.

The use of a Successor Rate or Alternative Rate to determine the Rate of Interest will result in Notes linked to or referencing the Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would do if the Original Reference Rate were to continue to apply in its current form. Furthermore, if a Successor Rate or Alternative Rate for the Original Reference Rate is determined by the Issuer, following consultation with the Independent Adviser, the Terms and Conditions of the Notes provide that the Issuer may vary the Terms and Conditions of the Notes, as necessary to ensure the proper operation of such Successor Rate or Alternative Rate, without any requirement for consent or approval of the Noteholders.

If a Successor Rate or Alternative Rate is determined by the Issuer, following consultation with the Independent Adviser, the Terms and Conditions of the Notes also provide that an Adjustment Spread (as defined in the Terms and Conditions of the Notes) will be determined by the Issuer, following consultation with the Independent Adviser, and applied to such Successor Rate or Alternative Rate. The Adjustment Spread may be intended or designed to reduce or eliminate any economic prejudice or benefit (as the case may be) to Noteholders and Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate. However, such Adjustment Spread may not be effective to reduce or eliminate economic prejudice to Noteholders and Couponholders. The use of any Successor Rate or Alternative Rate (including with the application of an Adjustment Spread) will still result in Notes linked to or

referencing the Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would if the Original Reference Rate were to continue to apply in its current form.

The Issuer may be unable to appoint an Independent Adviser or the Issuer, with the assistance of the Independent Adviser, may not be able to determine a Successor Rate or Alternative Rate in accordance with the Terms and Conditions of the Notes.

Where the Issuer is unable to appoint an Independent Adviser in a timely manner, or the Issuer is unable to determine a Successor Rate or Alternative Rate before the next Interest Determination Date (as defined in the Terms and Conditions of the Notes), the Rate of Interest for the next succeeding Interest Period or Interest Accrual Period will be the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event, or, where the Benchmark Event occurs before the first Interest Determination Date, the Rate of Interest will be the initial Rate of Interest. Applying the initial Rate of Interest, or the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event, will result in Notes linked to or referencing the relevant benchmark performing differently (which may include payment of a lower Rate of Interest) than they would do if the relevant benchmark were to continue to apply, or if a Successor Rate or Alternative Rate could be determined.

Where the Issuer has been unable to appoint an Independent Adviser, or the Issuer has failed to determine a Successor Rate or Alternative Rate in respect of any given Interest Period, or Interest Accrual Period, the Issuer will continue to attempt to appoint an Independent Adviser in a timely manner before the next succeeding Interest Determination Date to advise the Issuer in determining a Successor Rate or Alternative Rate to apply the next succeeding and any subsequent Interest Periods, as necessary.

If the Issuer is unable to appoint an Independent Adviser, or the Issuer fails to determine a Successor Rate or Alternative Rate for the life of the relevant Notes, the initial Rate of Interest, or the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event, will continue to apply to maturity. Further, no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as Tier 2 or Tier 3 Capital, as the case may be. This may result in the Floating Rate Notes or Fixed Rate Reset Notes, in effect, becoming fixed rate Notes.

Due to the uncertainty concerning the availability of a Successor Rate or Alternative Rate, the involvement of an Independent Adviser, the potential for further regulatory developments and the fact that the provisions of the relevant Benchmark Discontinuation Conditions will not be applied if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as Tier 2 or Tier 3 Capital, as the case may be, there is a risk that the relevant fallback provisions may not operate as intended at the relevant time.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Credit Rating

Given the existing financial indebtedness of the Group and its acquisitive nature, the Group is dependent on its ability to access the capital markets and its cost of borrowing in these markets is influenced by the credit rating supplied by Fitch Ratings Limited. As at the date of this Prospectus, any downgrading of the rating could increase the Group's borrowing cost and consequently may weaken its market position. Changes in methodology and criteria used by Fitch Ratings Limited could result in downgrades that do not reflect changes in the general economic conditions or the Issuer's financial condition.

Effect of credit rating reduction

The value of the Notes is expected to be affected, in part, by investors' general appraisal of the Issuer's creditworthiness. Such perceptions are generally influenced by the ratings accorded to the Issuer's outstanding securities by standard statistical rating services. A reduction in the rating, if any, accorded to outstanding debt securities of the Issuer by one of these rating agencies could result in a reduction in the trading value of the Notes.

Investors must rely on the procedures of Euroclear and Clearstream, Luxembourg for transfer, payment and communication with the Issuer

The Notes will be issued in global form. While the Notes are in global form, investors will be able to trade their beneficial interests only through Euroclear or Clearstream, Luxembourg and will receive and provide any notices only through Euroclear or Clearstream, Luxembourg.

While the Notes remain in global form, the Issuer will discharge its payment obligations under the Notes by making payments to (or, in the case of Registered Notes) to the order of the registered holder as nominee for) the common depositary for Euroclear or Clearstream, Luxembourg for distribution to their accountholders. A holder of a beneficial interest in the Notes must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. Accordingly a breakdown in the procedures of Euroclear and Clearstream, Luxembourg could result in the failure or delay of a Noteholder receiving amounts due from the Issuer under the Notes.

TERMS AND CONDITIONS OF THE SENIOR NOTES

The following is the text of the terms and conditions that, subject to completion and as supplemented in accordance with the provisions of Part A of the relevant Final Terms or, in the case of PR Exempt Notes, the relevant Pricing Supplement and except for the paragraphs in italics, shall be applicable to the Senior Notes in definitive form (if any) issued in exchange for the Global Note(s) or Certificates representing each Series of Senior Notes. The full text of these terms and conditions together with the relevant provisions of Part A of the Final Terms or Pricing Supplement (as applicable) shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. Accordingly, references in these terms and conditions to provisions "specified hereon" or "specified as such hereon" shall be to the provisions endorsed on the face of the relevant Note or Certificate or set out in the relevant Final Terms or Pricing Supplement (as applicable). The relevant Pricing Supplement in relation to any Tranche of PR Exempt Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of the relevant Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Final Terms or Pricing Supplement. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. These Conditions shall be applicable to those Notes which are specified to be "Senior Notes" in the relevant Final Terms or Pricing Supplement. References in the Conditions to "Notes" are to the Senior Notes of one Series only, not to all Notes that may be issued under the Programme.

This Note is one of a Series (as defined below) of Notes issued by Phoenix Group Holdings plc (the "**Issuer**") constituted by a trust deed dated 24 June 2019 as amended and restated on 25 September 2020 (as amended or supplemented as at the date of issue of the Notes (the "**Issue Date**")) (the "**Trust Deed**") between the Issuer and Citibank, N.A., London Branch (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. An Agency Agreement dated 24 June 2019 as amended and restated on 25 September 2020 (as amended or supplemented as at the Issue Date, the "**Agency Agreement**") has been entered into in relation to the Notes between the Issuer, the Trustee, Citibank, N.A., London Branch as initial issuing and paying agent, Citigroup Global Markets Europe AG as registrar and the other agents named in it. The issuing and paying agent, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Issuing and Paying Agent**", the "**Paying Agents**" (which expression shall include the Issuing and Paying Agent), the "**Registrar**", the "**Transfer Agents**" (which expression shall include the Registrar) and (unless otherwise set out herein or hereon) the "**Calculation Agent(s)**". Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours and upon reasonable notice at the specified offices of the Paying Agents and the Transfer Agents.

The Noteholders and the holders of the interest coupons (the "**Coupons**") relating to interest-bearing Notes in bearer form and, where applicable, in the case of such Notes, talons for further Coupons (the "**Talons**") (the "**Couponholders**") are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement. Any reference herein to Coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons.

As used in these Conditions, "**Tranche**" means Notes which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which (a) are expressed to be consolidated and form a single series and (b) have the same

terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

1 Form, Denomination and Title

The Notes are issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**") in each case in the Specified Denomination(s) shown hereon provided that in the case of any Notes which are to be admitted to trading on a regulated market in the United Kingdom or within the European Economic Area or offered to the public in a Member State in circumstances which require the publication of a Prospectus under the Prospectus Regulation (Regulation (EU) 2017/1129, as amended), the minimum Specified Denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes).

This Note is a Fixed Rate Note, a Fixed to Floating Rate Note, a Fixed Rate Reset Note, a Floating Rate Note, a Zero Coupon Note or a combination of the foregoing, depending upon the Interest Basis and Redemption Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable.

Registered Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(b), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass upon registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, "**Noteholder**" means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be), "**holder**" (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

2 Transfers of Registered Notes

(a) Transfer of Registered Notes

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer (as set out in Schedule 1 of the Trust Deed) endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations

concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

(b) Exercise of Options or Partial Redemption in Respect of Registered Notes

In the case of an exercise of an Issuer's or Noteholder's option in respect of a holding of Registered Notes represented by a single Certificate or a partial redemption of a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(c) Delivery of New Certificates

Each new Certificate to be issued pursuant to Condition 2(a) or (b) shall be available for delivery within three Business Days of receipt of the form of transfer or Exercise Notice (as defined in Condition 5(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Registrar or relevant Transfer Agent (as applicable) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(c), "**Business Day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(d) Exchange and Transfer Free of Charge

Exchange and transfer of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges by the person submitting such Notes or Certificates that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(e) Closed Periods

No Noteholder may require the transfer of a Note (or part thereof) to be registered during the period of 15 days ending on the due date for any payment of principal or interest.

3 Status of the Notes

(a) Status

The Notes and the Coupons relating to them constitute direct, unconditional, unsubordinated and (subject to Condition 3(b)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Coupons shall, save for such exceptions as may be provided by applicable legislation and

subject to Condition 3(b), at all times rank at least *pari passu* with all its other present and future unsecured and unsubordinated obligations.

(b) Negative Pledge

So long as any Note or Coupon remains outstanding (as defined in the Trust Deed), the Issuer shall not directly or indirectly create or have outstanding any mortgage, charge, lien, pledge, encumbrance or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction (each a "**Security Interest**"), other than a Permitted Security Interest, upon, or with respect to, any of its present or future business, undertaking, assets or revenues (including any uncalled capital) (other than assets representing some or all of the fund or funds maintained by the Issuer or any Insurance Subsidiary in respect of any contract of insurance (as defined in the FSMA 2000 (Regulated Activities) Order 2001) or to manage, make or realise investments in the ordinary course of business) to secure any Relevant Indebtedness or any guarantee or indemnity by the Issuer in respect of any Relevant Indebtedness unless, at the same time or prior thereto, the obligations of the Issuer under the Notes and the Coupons and the Trust Deed (i) are secured by the Security Interest equally and rateably with the Relevant Indebtedness to the satisfaction of the Trustee or (ii) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided in respect of such obligations either (A) as the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Noteholders and the Couponholders or (B) as is approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

4 Interest and other Calculations

(a) Interest on Fixed Rate Notes and Fixed to Floating Rate Notes

Each Fixed Rate Note or Fixed to Floating Rate Note bears interest on its outstanding principal amount from (and including) the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest to (but excluding), (i) in the case of Fixed to Floating Rate Notes, the Fixed Rate End Date specified hereon, and (ii) in the case of Fixed Rate Notes, the Maturity Date specified hereon, and such interest shall be payable in arrear on each Interest Payment Date specified hereon. The amount of interest payable shall be determined in accordance with Condition 4(g).

(b) Interest on Fixed Rate Reset Notes

Each Fixed Rate Reset Note bears interest on its outstanding principal amount (unless a Benchmark Event has occurred, in which case the First Reset Rate of Interest and/or any Subsequent Reset Rate of Interest, as applicable, shall be determined pursuant to and in accordance with Condition 4(n)):

(i) from (and including) the Interest Commencement Date until (but excluding) the First Reset Note Reset Date at the Initial Rate of Interest;

(ii) from (and including) the First Reset Note Reset Date until (but excluding) the first Anniversary Date at the First Reset Rate of Interest; and

(iii) for each Subsequent Reset Period thereafter (if any), at the relevant Subsequent Reset Rate of Interest,

and such interest shall be payable, in each case, in arrear on the Interest Payment Dates specified hereon. The amount of interest payable shall be determined in accordance with Condition 4(g).

Save as otherwise provided herein, the provisions applicable to Fixed Rate Notes shall apply to Fixed Rate Reset Notes.

(c) Interest on Floating Rate Notes and Fixed to Floating Rate Notes

(i) Interest Payment Dates

Each Floating Rate Note and each Fixed to Floating Rate Note bears interest on its outstanding principal amount from (and including), in the case of a Floating Rate Note, the Interest Commencement Date and, in the case of a Fixed to Floating Rate Note, the Fixed Rate End Date specified hereon at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest shall be payable in arrear on each Interest Payment Date in the case of a Floating Rate Note and on each Interest Payment Date commencing after the Fixed Rate End Date specified hereon in the case of a Fixed to Floating Rate Note. The amount of interest payable shall be determined in accordance with Condition 4(g). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, "**Interest Payment Date**" shall mean each date which falls the number of months or other period shown hereon as the Specified Period after the preceding Interest Payment Date or, in the case of the first such Interest Payment Date, after the Interest Commencement Date, in the case of a Floating Rate Note, or after the Fixed Rate End Date, in the case of a Fixed to Floating Rate Note.

(ii) Business Day Convention

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified hereon is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each such subsequent date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) Rate of Interest for Floating Rate Notes and Fixed to Floating Rate Notes

The Rate of Interest in respect of Floating Rate Notes and, from and including the Fixed Rate End Date, Fixed to Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon (unless a Benchmark Event has occurred, in which case the relevant Rate of Interest shall be determined pursuant to and in accordance with Condition 4(n)).

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each relevant Interest Accrual Period shall be determined by the Calculation Agent, subject to Condition 4(n), as a rate equal

to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(x) the Floating Rate Option is as specified hereon;

(y) the Designated Maturity is a period specified as such hereon; and

(z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**", "**Reset Date**" and "**Swap Transaction**" have the meanings given to those terms in the ISDA Definitions.

Unless otherwise specified hereon, the Minimum Rate of Interest shall be deemed to be zero.

(B) Screen Rate Determination for Floating Rate Notes

(x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject to Condition 4(n) and subject as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean of the offered quotations, (expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR), on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

(y) subject to Condition 4(n), if the Relevant Screen Page is not available or if, sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Eurozone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the

Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

(z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Eurozone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the rate of interest shall be the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Eurozone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

Unless otherwise specified hereon, the Minimum Rate of Interest shall be deemed to be zero.

(d) Zero Coupon Notes

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date specified hereon and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note (as described in Condition 5(b)(i)). As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 5(b)(i)).

(e) Accrual of Interest

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 4 to the Relevant Date (as defined in Condition 7).

(f) Margin, Maximum/Minimum Rates of Interest, Redemption Amounts and Rounding

(i) If any Margin is specified hereon (either (x) generally or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 4(c) above by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin, subject always to the next paragraph.

(ii) If any Maximum or Minimum Rate of Interest or Redemption Amount is specified hereon, then any Rate of Interest or Final Redemption Amount shall be subject to such maximum or minimum, as the case may be.

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "**unit**" means the lowest amount of such currency that is available as legal tender in the country or countries of such currency.

(g) Calculations

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated. Where the Specified Denomination comprises more than one Calculation Amount, the amount of interest payable in respect of such Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination specified hereon.

(h) Linear Interpolation

Where Linear Interpolation is specified hereon as applicable in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified hereon as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified hereon as applicable), one of which shall be determined as if

the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

"**Applicable Maturity**" means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (b) in relation to ISDA Determination, the Designated Maturity.

(i) Determination and Publication of Rates of Interest and Interest Amounts

The Calculation Agent shall, subject to Condition 4(n), as soon as practicable on each Interest Determination Date or Reset Determination Date (as applicable), or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in any event no later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 4(c)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition 4 but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(j) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4 by the Calculation Agent shall (in the absence of manifest error) be binding on the Issuer, the Issuing and Paying Agent, the Paying Agents and all Noteholders and Couponholders and (in the absence of wilful default or fraud) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Issuing and Paying Agent or the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(k) Accrual of Interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

(i) the date on which all amounts due in respect of such Note have been paid; and

(ii) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Issuing and Paying Agent or the Registrar, as the case may be, and notice to that effect has been given to the Noteholders in accordance with Condition 15.

(l) Definitions

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Anniversary Date**" means the date specified as such hereon.

"**Applicable Maturity**" has the meaning given to it in Condition 4(h).

"**Benchmark Frequency**" has the meaning given to it in the relevant Final Terms or Pricing Supplement.

"**Benchmark Gilt**" means such United Kingdom government security having an actual or interpolated maturity date on or about the last day of such Reset Period as the Issuer after consultation with the Calculation Agent, on the advice of an investment bank of international repute, may determine would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issuances of corporate debt securities denominated in sterling and of a comparable maturity to the relevant Reset Period.

"**Benchmark Gilt Rate**" means, in respect of a Reset Period, the gross redemption yield (as calculated by the Calculation Agent in accordance with generally accepted market practice at such time) on a semi-annual compounding basis (rounded up (if necessary) to four decimal places) of the Benchmark Gilt in respect of that Reset Period, with the price of the Benchmark Gilt for this purpose being the arithmetic average (rounded up (if necessary) to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered prices of such Benchmark Gilt quoted by the Reset Reference Banks at 3.00 p.m. (London time) on the relevant Reset Determination Date on a dealing basis for settlement on the next following dealing day in London. If at least four quotations are provided, the Benchmark Gilt Rate will be the rounded arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Benchmark Gilt Rate will be the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Benchmark Gilt Rate will be the rounded quotation provided. If no quotations are provided, the Benchmark Gilt Rate will be (i) in the case of each Reset Period other than the Reset Period commencing on the First Reset Note Reset Date, the Reset Rate in respect of the immediately preceding Reset Period or (ii) in the case of the Reset Period commencing on the First Reset Note Reset Date, an amount specified hereon as the "First Reset Period Fallback".

"**Broken Amount**" has the meaning given to it in the relevant Final Terms or Pricing Supplement.

"**Business Day**" means:

(i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or

(ii) in the case of euro, a day on which the TARGET System is operating (a "**TARGET Business Day**"); and/or

(iii) in the case of a currency and/or one or more Additional Business Centres specified hereon, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Additional Business Centre(s) or, if no currency is indicated, generally in each of the Additional Business Centres.

"**Business Day Convention**" has the meaning given to it in the relevant Final Terms or Pricing Supplement.

"**Calculation Amount**" has the meaning given to it in the relevant Final Terms or Pricing Supplement.

"**CMT Designated Maturity**" has the meaning given to it in the relevant Final Terms or Pricing Supplement.

"**CMT Rate**" means, in relation to a Reset Period and the Reset Determination Date in relation to such Reset Period, the rate determined by the Calculation Agent, and expressed as a percentage, equal to:

(i) the yield for United States Treasury Securities at "constant maturity" for the CMT Designated Maturity, as published in the H.15 under the caption "treasury constant maturities (nominal)", as that yield is displayed on the CMT Rate Screen Page on such Reset Determination Date; or

(ii) if the yield referred to in paragraph (i) above is not published by 4:00 p.m. (New York City time) on the CMT Screen Page on such Reset Determination Date, the yield for the United States Treasury Securities at "constant maturity" for the CMT Designated Maturity as published in the H.15 under the caption "treasury constant maturities (nominal)" on such Reset Determination Date; or

(iii) if the yield referred to in paragraph (ii) above is not published by 4:30 p.m. (New York City time) on such Reset Determination Date, the Reset Reference Bank Rate on such Reset Determination Date.

"**CMT Rate Screen Page**" has the meaning given to it in the relevant Final Terms or Pricing Supplement or any successor service or such other page as may replace that page on that service for the purpose of displaying "treasury constant maturities" as reported in H.15.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or Interest Accrual Period, the "**Calculation Period**"):

(i) if "**Actual/Actual**" or "**Actual/Actual - ISDA**" is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(ii) if "**Actual/365 (Fixed)"** is specified hereon, the actual number of days in the Calculation Period divided by 365;

(iii) if "**Actual/365 (Sterling)**" is specified hereon, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if "**Actual/360**" is specified hereon, the actual number of days in the Calculation Period divided by 360;

(v) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(vi) if "**30E/360**" or "**Eurobond Basis**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D_2 will be 30;

(vii) if "**30E/360 (ISDA)**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30; and

(viii) if "**Actual/Actual-ICMA**" is specified hereon:

(A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(B) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

"**Determination Date**" means the date specified as such hereon or, if none is so specified, the Interest Payment Date; and

"**Determination Period**" means the period from and including a Determination Date in any year to but excluding the next Determination Date.

"**dealing day**" means a day, other than a Saturday or Sunday, on which the London Stock Exchange (or such other stock exchange on which the Benchmark Gilt is at the relevant time listed) is ordinarily open for the trading of securities.

"**Eurozone**" means the region comprising member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

"**First Reset Note Reset Date**" means the date specified as such hereon.

"**First Reset Period**" means the period from (and including) the First Reset Note Reset Date until (but excluding) the first Anniversary Date.

"**First Reset Period Fallback**" has the meaning given to it in the relevant Final Terms or Pricing Supplement.

"**First Reset Rate of Interest**" means the rate of interest being determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Reset Rate plus the Reset Margin (with such sum converted (if necessary) from a basis equivalent to the Benchmark Frequency to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes during the First Reset Period (such calculation to be made by the Calculation Agent)).

"**Fixed Leg**" has the meaning given to it in the relevant Final Terms or Pricing Supplement.

"**Fixed Rate End Date**" means the date specified as such hereon.

"**Floating Leg**" has the meaning given to it in the relevant Final Terms or Pricing Supplement.

"**Floating Rate Business Day Convention**" has the meaning given to it in Condition 4(c).

"**Following Business Day Convention**" has the meaning given to it in Condition 4(c).

"**H.15**" means the daily statistical release designated as H.15, or any successor publication, published by the board of governors of the Federal Reserve System at http://www.federalreserve.gov/releases/H15 or any successor site or publication.

"**Initial Rate of Interest**" means the initial rate of interest per annum specified hereon.

"**Interest Accrual Period**" means the period beginning on (and including) the Interest Commencement Date, in respect of the Floating Rate Notes, and the Fixed Rate End Date, in respect of the Fixed to Floating Rate Notes, and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

"**Interest Amount**" means, in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, Fixed Rate Reset Notes, and, prior to the Fixed Rate End Date, Fixed to Floating Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and, in respect of any other period, the amount of interest payable per Calculation Amount for that period.

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified hereon.

"**Interest Determination Date**" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified: (i) the first day of such Interest Accrual Period if the Specified Currency is sterling or (ii) the day falling two Business Days in London prior to the first day of such Interest Accrual Period if the Specified Currency is neither sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

"**Interest Payment Date**" has the meaning given to it in Condition 4(c).

"**Interest Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

"**Interest Period Date**" means each Interest Payment Date unless otherwise specified hereon.

"**ISDA Definitions**" means the 2006 ISDA Definitions as amended or supplemented, as published by the International Swaps and Derivatives Association, Inc. unless otherwise specified hereon.

"**ISDA Determination**" has the meaning given to it in Condition 4(c).

"**ISDA Rate**" has the meaning given to it in Condition 4(c).

"**Margin**" has the meaning given to it in the relevant Final Terms or Pricing Supplement.

"**Mid-Swap Quotations**" means the arithmetic mean of the bid and offered rates:

(i) if the Specified Currency is sterling, for a semi-annual fixed leg (calculated on an Actual/365 day count basis) of a fixed for floating interest rate swap transaction in sterling which (i) has a term commencing on the relevant Reset Note Reset Date which is equal to that of the relevant Swap Rate Period; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; and (iii) has a floating leg based on the 6-month LIBOR rate (calculated on an Actual/365 day count basis), unless as otherwise specified hereon;

(ii) if the Specified Currency is euro, for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed for floating interest rate swap transaction in euro which (i) has a term commencing on the relevant Reset Note Reset Date which is equal to that of the relevant Swap Rate Period; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; and (iii) has a floating leg based on the 6-month EURIBOR rate (calculated on an Actual/360 day count basis), unless as otherwise specified hereon;

(iii) if the Specified Currency is US dollars, for the semi-annual fixed leg (calculated on a 30/360 day count basis) of a fixed for floating interest rate swap transaction in US dollars which (i) has a term commencing on the relevant Reset Note Reset Date which is equal to that of the relevant Swap Rate Period; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; and (iii) has a floating leg based on the 3-month LIBOR rate (calculated on an Actual/360 day count basis), unless as otherwise specified hereon; and

(iv) if the Specified Currency is not sterling, euro or US dollars, for the Fixed Leg (as set out hereon) of a fixed for floating interest rate swap transaction in that Specified Currency which (i) has a term commencing on the relevant Reset Note Reset Date which is equal to that of the relevant Swap Rate Period; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; and (iii) has a Floating Leg (as set out hereon).

"**Mid-Swap Rate**" means in respect of a Reset Period, (i) the applicable semi-annual or annual (as specified hereon) mid-swap rate for swap transactions in the Specified Currency (with a maturity equal to that of the relevant Swap Rate Period specified hereon) as displayed on the Screen Page at 11.00 a.m. (in the principal financial centre of the Specified Currency) on the relevant Reset Determination Date or (ii) if such rate is not displayed on the Screen Page at such time and date, the relevant Reset Reference Bank Rate.

"**Modified Following Business Day Convention**" has the meaning given to it in Condition 4(c).

"**Preceding Business Day Convention**" has the meaning given to it in Condition 4(c).

"**Rate of Interest**" means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

"**Reference Banks**" means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market or in the case of a determination of EURIBOR, the principal Eurozone office of four major banks in the Eurozone inter-bank market, in each case selected by the Calculation Agent or as specified hereon.

"**Reference Rate**" means LIBOR or EURIBOR, in each case for the relevant period, as specified hereon.

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service as may be specified hereon.

"**Reset Determination Date**" means, in respect of a Reset Period, (a) each date specified as such hereon or, if none is so specified, (b) (i) if the Specified Currency is sterling, the first Business Day of such Reset Period, (ii) if the Specified Currency is euro, the day falling two TARGET Business Days prior to the first day of such Reset Period, (iii) if the Specified Currency is US dollars, the day falling two U.S. Government Securities Business Days prior to the first day of such Reset Period (iv) for any other Specified Currency, the day falling two Business Days in the principal financial centre for such Specified Currency prior to the first day of such Reset Period.

"**Reset Margin**" means the margin (expressed as a percentage) specified as such hereon.

"**Reset Note Reset Date**" means every date which falls on each Anniversary Date as may be specified hereon.

"**Reset Period**" means the First Reset Period or a Subsequent Reset Period.

"**Reset Rate**" means (a) if "Mid-Swap Rate" is specified hereon, the relevant Mid-Swap Rate, (b) if "Benchmark Gilt Rate" is specified hereon, the relevant Benchmark Gilt Rate or (c) if "CMT Rate" is specified hereon, the relevant CMT Rate.

"**Reset Reference Bank Rate**" means the percentage rate determined on the basis of (a) if "Mid-Swap Rate" is specified hereon, the Mid-Swap Quotations provided by the Reset Reference Banks to the Calculation Agent at the request of the Issuer at or around 11:00 a.m. in the principal financial centre of the Specified Currency on the relevant Reset Determination Date or (b) if "CMT Rate" is specified hereon, the percentage rate determined by the Calculation Agent on the basis of the Reset United States Treasury Securities Quotations provided by the Reset Reference Banks to the Calculation Agent at the request of the Issuer at or around 4:30 p.m. (New York City time) on the relevant Reset Determination Date and, in either case, rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards). If at least four quotations are provided, the Reset Reference Bank Rate will be the rounded arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Reset Reference Bank Rate will be the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Bank Rate will be the rounded quotation provided. If no quotations are provided, the Reset Reference Bank Rate will be (i) in the case of each Reset Period other than the Reset Period commencing on the First Reset Note Reset Date, the relevant Mid-Swap Rate or CMT Rate (as applicable) in respect of the immediately preceding Reset Period or (ii) in the case of the Reset Period commencing on the First Reset Note Reset Date, the percentage rate specified hereon as the "First Reset Period Fallback".

"**Reset Reference Banks**" means (i) in the case of the calculation of a Reset Reference Bank Rate where "Mid-Swap Rate" is specified hereon, five leading swap dealers in the principal interbank market relating to the Specified Currency, (ii) in the case of the calculation of a Reset Reference Bank Rate where "CMT Rate" is specified hereon, five banks which are primary U.S. Treasury securities dealers or market makers in pricing corporate bond issues denominated in U.S. dollars in New York or (iii) in the case of a Benchmark Gilt Rate, five brokers of gilts and/or gilt-edged market makers, in each case, as selected by the Issuer in consultation with the Calculation Agent.

"**Reset United States Treasury Securities Quotation**" means, in relation to a Reset Period and the Reset Determination Date in relation to such Reset Period, the rate quoted by a Reset Reference Bank as being the yield-to-maturity based on the arithmetic mean of the secondary market bid price of such Reset Reference Bank for Reset United States Treasury Securities at approximately 4:30 p.m. (New York City time) on such Reset Determination Date.

"**Reset United States Treasury Securities**" means, on the relevant Reset Determination Date, United States Treasury Securities with an original maturity equal to the CMT Designated Maturity, a remaining term to maturity of no more than one year shorter than the CMT Designated Maturity and in a principal amount equal to an amount that is representative for a single transaction in such United States Treasury Securities in the New York City market. If two United States Treasury Securities have remaining terms to maturity equally close to the duration of the CMT Designated Maturity, the United States Treasury Security with the largest nominal amount outstanding will be used.

"**Screen Page**" means Reuters screen page "ICESWAP1", "ICESWAP2", "ICESWAP3", "ICESWAP4", "ICESWAP5" or "ICESWAP6" as specified hereon or such other page on Thomson Reuters as is specified hereon, or such other screen page as may replace it on Thomson Reuters or, as the case may be, on such other information service that may replace Thomson Reuters, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying comparable rates.

"**Screen Rate Determination**" has the meaning given to it in Condition 4(c).

"**Specified Currency**" means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

"**Subsequent Reset Period**" means each successive period other than the First Reset Period from (and including) a Reset Note Reset Date to (but excluding) the next succeeding Reset Note Reset Date.

"**Subsequent Reset Rate of Interest"** means, in respect of any Subsequent Reset Period, the rate of interest being determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Reset Rate plus the Reset Margin (with such sum converted (if necessary) from a basis equivalent to the Benchmark Frequency to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes during the relevant Subsequent Reset Period (such calculation to be made by the Calculation Agent)).

"**Swap Rate Period**" means the period or periods specified as such hereon.

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System or any successor thereto.

"**United States Treasury Securities**" means securities that are direct obligations of the United States Treasury, issued other than on a discount rate basis.

"**U.S. Government Securities Business Day**" means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

(m) Calculation Agent

The Issuer shall procure that there shall at all times be one or more Calculation Agent(s) if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Trust Deed). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or Interest Accrual Period or to calculate any Interest Amount or to comply with any other requirement, the Issuer shall (with the prior approval of the Trustee) appoint a leading bank or investment banking firm engaged in the inter-bank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

(n) Benchmark Discontinuation

(i) Independent Adviser

If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to advise the Issuer in determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4(n)(ii)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 4(n)(iv)). In making such determination, the Issuer shall act in good faith. In the absence of bad faith or fraud, the Issuer shall have no liability whatsoever to the Trustee, the Paying Agents, the Noteholders or the Couponholders for any determination made by it, pursuant to this Condition 4(n).

If (i) the Issuer is unable to appoint an Independent Adviser or (ii) the Issuer fails to determine a Successor Rate or, failing which, an Alternative Rate, together with the applicable Adjustment Spread, in accordance with this Condition 4(n)(i) or Condition 4(n)(ii) prior to the relevant Interest Determination Date or Reset Determination Date (as applicable), the Rate of Interest applicable to the next succeeding Interest Period or Interest Accrual Period shall be determined in accordance with Condition 4(c) or the definitions of Benchmark Gilt Rate, Mid-Swap Rate and/or Reset Reference Bank Rate (as the case may be) and Condition 4(f). For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Period or Interest Accrual Period only and any subsequent Interest Periods or Interest Accrual Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 4(n)(i).

(ii) Successor Rate or Alternative Rate

If the Issuer, following consultation with the Independent Adviser, determines that:

(A) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the subsequent operation of this Condition 4(n)); or

(B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the subsequent operation of this Condition 4(n)).

(iii) Adjustment Spread

The applicable Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

(iv) Benchmark Amendments

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 4(n) and the Issuer, following consultation with the Independent Adviser, determines (i) that amendments to these Conditions, the Agency Agreement and/or the Trust Deed are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 5(n)(v), without any requirement for the consent or approval of Noteholders, vary these Conditions, the Agency Agreement and/or the Trust Deed to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee of a certificate signed by two Directors of the Issuer pursuant to Condition 4(n)(v), the Trustee shall (at the expense of the Issuer), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, inter alia, by the execution of a deed supplemental to or amending the Trust Deed), provided that the Trustee shall not be obliged so to concur if in the opinion of the Trustee doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee in these Conditions or the Trust Deed (including, for the avoidance of doubt, any supplemental trust deed) in any way.

In connection with any such variation in accordance with this Condition 4(n)(iv), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(v) Notices, etc.

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 4(n) will be notified promptly by the Issuer to the Trustee, the Calculation Agent, the Paying Agents and, in accordance with Condition 15, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer:

(A) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate, (iii) the applicable Adjustment Spread and (iv) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 4(n); and

(B) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

The Trustee shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Trustee's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Calculation Agent, the Paying Agents and the Noteholders.

(vi) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under Condition 4(n) (i), (ii), (iii) and (iv), the Original Reference Rate and (where relevant) the provisions of Condition 4(c) or the definitions of Benchmark Gilt Rate, Mid-Swap Rate and/or Reset Reference Bank Rate (as the case may be) and Condition 4(f) will continue to apply (i) unless and until a Benchmark Event has occurred and (ii) if a Benchmark Event has occurred, unless and until the Trustee, the Agent and (in accordance with Condition 15) the Noteholders have been notified of the Successor Rate or Alternative Rate (as applicable), the applicable Adjustment Spread and any Benchmark Amendments determined pursuant to this Condition 4(n).

(vii) Definitions:

As used in this Condition 4(n):

"**Adjustment Spread**" means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

(A) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body or (if no such recommendation has been made, or in the case of an Alternative Rate);

(B) the Issuer, following consultation with the Independent Adviser, determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate or (if the Issuer determines that no such spread is customarily applied);

(C) the Issuer, following consultation with the Independent Adviser, determines is recognised or acknowledged as being the industry standard for over-the-counter

derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or

(D) if the Issuer determines that no such industry standard is recognised or acknowledged, the Issuer, in its discretion, following consultation with the Independent Adviser and acting in good faith, determines to be appropriate.

"**Alternative Rate**" means an alternative benchmark or screen rate which the Issuer following consultation with the Independent Adviser determines in accordance with Condition 4(n)(ii) is customarily applied in debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes.

"**Benchmark Amendments**" has the meaning given to it in Condition 4(n)(iv).

"**Benchmark Event**" means:

(A) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist; or

(B) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

(C) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or

(D) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes; or

(E) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or

(F) it has become unlawful for any Paying Agent, the Calculation Agent or the Issuer to calculate any payments due to be made to any Noteholder using the Original Reference Rate;

provided that in the case of sub-paragraphs (B) and (C) above, the Benchmark Event shall occur on the date of the cessation of publication of the Original Reference Rate or the date of the discontinuation of the Original Reference Rate, in the case of sub-paragraph (D) above, the Benchmark Event shall occur on the date of prohibition of use of the Original Reference Rate and in the case of sub-paragraph (E) above, the Benchmark Event shall occur on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, as the case may be, and not the date of the relevant public statement.

"**Independent Adviser**" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 4(n)(i).

"**Original Reference Rate**" means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes or any Successor Rate or Alternative Rate (or component part thereof) determined pursuant to this Condition 4(n).

"**Relevant Nominating Body**" means, in respect of a benchmark or screen rate (as applicable):

(A) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

(B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

"**Successor Rate**" means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

5 Redemption, Purchase and Options

(a) Redemption at Maturity

Unless previously redeemed or purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided hereon, is its principal amount), together with any interest accrued to (but excluding) the date of redemption in accordance with these Conditions.

(b) Early Redemption Amounts

(i) Zero Coupon Notes

(A) The Optional Redemption Amount payable in respect of any Zero Coupon Note upon redemption of such Note pursuant to Condition 5(d) or upon it becoming due and payable as provided in Condition 9 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

(B) Subject to the provisions of sub-paragraph (C) below, the "**Amortised Face Amount**" of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted back to the due date for payment at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the Issue Price of the first tranche of the Notes if they were discounted back to the Issue Price of the first tranche of the Notes on the Issue Date) compounded annually.

(C) If the Optional Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(d) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Optional Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The

calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 4(d).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(ii) Other Notes

The Early Redemption Amount payable in respect of any Note (other than Notes described in Condition 5(b)(i) above), upon redemption of such Note pursuant to Condition 5(c), 5(d) or 5(e) or upon it becoming due and payable as provided in Condition 9, shall be the Final Redemption Amount unless otherwise specified hereon.

(c) Redemption at the Option of the Issuer

Unless the Issuer shall have given notice to redeem the Notes under Condition 5(d) on or prior to the expiration of the notice referred to below, and if "Call Option" is specified hereon, the Issuer may at its option, and having given not less than 30 nor more than 60 days' notice to the Noteholders (or such other notice period as may be specified hereon) redeem all or, if so provided, some of the Notes on any Optional Redemption Date specified hereon.

Any such redemption of Notes shall be at their Optional Redemption Amount (as may be provided for hereon) together with any interest accrued to (but excluding) the date fixed for redemption in accordance with these Conditions. Any such redemption or exercise must relate to Notes of a principal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed, or the Issuer's option shall be exercised, on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption or a partial exercise of an Issuer's option, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed or in respect of which such option has been exercised, which shall have been drawn in such place as the Trustee may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

If more than one notice of redemption is given pursuant to this Condition 5, the first of such notices to be given shall prevail.

(d) Redemption for Taxation Reasons

If the Issuer satisfies the Trustee immediately before the giving of the notice referred to below that:

(i) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction, or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective on or after the Issue Date or, if any further Tranche(s) of the Notes has or have been issued pursuant to Condition 14 and consolidated to form a single series with the Notes, the issue date of the last Tranche of the relevant Series on the next Interest Payment Date, the Issuer will or would be required to pay Additional Amounts; and

(ii) the effect of the foregoing cannot be avoided by the Issuer taking reasonable measures available to it,

the Issuer may at its option (without any requirement for the consent or approval of the Noteholders) and having given not less than 30 nor more than 60 days' notice to the Trustee, the Issuing and Paying Agent, the Registrar and, in accordance with Condition 15, the Noteholders (which notice shall specify the date set for redemption and shall, subject as aforesaid, be irrevocable) redeem all (but not some only) of the Notes, at any time or, if and for so long as the Note is a Floating Rate Note, on any Interest Payment Date, at their Early Redemption Amount (which, unless otherwise specified hereon, shall be their principal amount) together with any accrued and unpaid interest to (but excluding) the date of redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts.

Subject as aforesaid, upon expiry of such notice the Issuer shall redeem the Notes.

If more than one notice of redemption is given pursuant to this Condition 5, the first of such notices to be given shall prevail.

(e) Redemption at the Option of Noteholders

If a Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount specified hereon together, if applicable with any accrued and unpaid interest to (but excluding) the date of redemption.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer, save that in circumstances where an Event of Default has occurred such Exercise Notice may be withdrawn and shall be revocable without the consent of the Issuer.

If more than one notice of redemption is given pursuant to this Condition 5, the first of such notices to be given shall prevail.

(f) Purchases

The Issuer and any of its Subsidiaries may at any time purchase Notes (provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in any manner and at any price.

(g) Cancellation

All Notes purchased by or on behalf of the Issuer or any of its Subsidiaries may be held, reissued, resold or surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or

surrendered therewith). Any Notes so redeemed or surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes and Coupons shall be discharged.

(h) Trustee role on redemption; Trustee not obliged to monitor

The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists for the purposes of Condition 5(d) and will not be responsible to Noteholders or Couponholders for any loss arising from any failure by it to do so. Unless and until the Trustee has express notice pursuant to these Conditions or the Trust Deed of the occurrence of any event or circumstance to which Condition 5(d) relates, it shall be entitled to assume that no such event or circumstance exists or has arisen.

(i) Compliance with stock exchange rules

In connection with any redemption of the Notes in accordance with this Condition 5, the Issuer shall comply with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or admitted to trading.

6 Payments and Talons

(a) Bearer Notes

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Notes (in the case of all payments of principal and, in the case of interest, as specified in Condition 6(f)(v)) or Coupons (in the case of interest, save as specified in Condition 6(f)(ii)), as the case may be, at the specified office of any Paying Agent outside the U.S. by transfer to an account denominated in such currency with, a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

(b) Registered Notes

(i) Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 6(b)(ii) below.

(ii) Interest on Registered Notes shall be paid to the person shown on the Register (i) where all or any of the Registered Notes are represented by a Global Certificate, at the close of the business day (being for this purpose a day on which DTC, Euroclear and/or Clearstream, Luxembourg, as applicable, are open for business) before the due date for payment thereof, and (ii) where none of the Registered Notes is represented by a Global Certificate at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Registered Note shall be made in the relevant currency and to the holder (or to the first named of joint holders) of such Note by transfer to an account in the relevant currency maintained by the payee with a bank.

(c) Payments in the U.S.

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the U.S. with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such

amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by U.S. law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(d) Payments subject to Fiscal Laws

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7) any law implementing an intergovernmental approach thereto.

(e) Appointment of Agents

The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer (for all purposes other than ISDA Determination for Floating Rate Notes, where the Calculation Agent will be specified in the Final Terms or Pricing Supplement, as applicable) and their respective specified offices are listed above. Subject as provided in the Agency Agreement, the Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents, Calculation Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, and (v) a Paying Agent.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in Condition 6(c).

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified hereon.

(f) Unmatured Coupons and unexchanged Talons

(i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes (other than any Fixed Rate Notes where the total value of the unmatured coupons appertaining thereto exceeds the nominal amount of such Note), such Notes should be surrendered for payment together with all unmatured Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount as the case may be and as may be provided for hereon, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).

(ii) Upon the due date for redemption of any Bearer Note comprising a Fixed to Floating Rate Note, a Fixed Rate Reset Note or a Floating Rate Note or (where the total value of the unmatured coupons exceeds the nominal amount of such Note) a Fixed Rate Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Where any Bearer Note that provides that the relevant unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(v) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) Talons

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 8).

(h) Non-Business Days

If any date for payment in respect of any Note or Coupon is not a Business Day, the holder shall not be entitled to payment until the next following Business Day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "**Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "Additional Financial Centres" hereon and:

(i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or

(ii) (in the case of a payment in euro) which is a TARGET Business Day.

7 Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes and the Coupons shall be made free and clear of, and without withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by a Relevant Jurisdiction, unless such withholding or deduction is required by law. In that event, the Issuer shall

pay such additional amounts as shall result in receipt by the Noteholders and Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note or Coupon:

(a) *Other connection*: presented for payment by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with the Relevant Jurisdiction other than the mere holding of the Note or Coupon; or

(b) *Lawful avoidance of withholding*: presented for payment by, or by a third party on behalf of, a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Note (or the Certificate representing it) or Coupon is presented for payment; or

(c) *Presentation more than 30 days after the Relevant Date*: presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth day after the Relevant Date; or

(d) *Any combination*: where such withholding or deduction arises out of any combination of paragraphs (a) to (c) above.

As used in these Conditions, "**Relevant Date**" in respect of any Note or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relevant Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

References in these Conditions to (i) "**principal**" shall be deemed to include any premium payable in respect of the Notes, Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) "**principal**" and/or "**interest**" shall be deemed to include any additional amounts that may be payable under this Condition 7 or under any undertakings given in addition to, or in substitution for, it pursuant to the Trust Deed ("**Additional Amounts**").

8 Prescription

Claims against the Issuer for payment in respect of principal and interest payable on the Notes and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

9 Events of Default and Enforcement

(a) Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-fifth in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified, prefunded and/or provided with security to its satisfaction)

(but, in the case of the occurrence of any of the events described in Condition 9(a)(vii) below, only if the Trustee shall have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders), give notice to the Issuer that the Notes are, and they shall accordingly forthwith become, immediately due and repayable at their Early Redemption Amount, together with accrued interest as provided in the Trust Deed, if any of the following events shall occur and be continuing ("**Events of Default**"):

(i) *Non-Payment*: default is made in the payment of any principal or interest due in respect of the Notes or any of them and the default continues for a period of seven days in the case of principal or 14 days in the case of interest; or

(ii) *Breach of Other Obligation*: the Issuer fails to perform or observe any of its other obligations under these Conditions or the Trust Deed and (except in any case where the Trustee considers the failure to be incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for a period of 30 days (or such longer period as the Trustee may permit) following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or

(iii) *Cross-Default*: (i) any Indebtedness, other than Indebtedness issued, incurred or subsisting between members of the Group, of the Issuer or any Material Subsidiary becomes due and payable and is accelerated prior to the stated maturity thereof by reason of any actual or potential event of default or the like (however described); (ii) the Issuer or any Material Subsidiary fails to make any payment in respect of any Indebtedness, other than Indebtedness issued, incurred or subsisting between members of the Group, on the due date for payment as extended by any originally applicable grace period; (iii) any mortgage, charge, pledge, lien or other encumbrance created or assumed by the Issuer or any Material Subsidiary for any Indebtedness, other than Indebtedness issued, incurred or subsisting between members of the Group, becomes enforceable and any step is taken to enforce the same; unless the aggregate amount of Indebtedness from time to time outstanding relating to all or any of the above events is less than £50,000,000 (or the equivalent in any other currency); or

(iv) *Winding-Up*: any order is made by any competent court or resolution is passed for the winding-up, liquidation or dissolution of the Issuer or any Material Subsidiary, save (i) for the purposes of reorganisation on terms approved in writing by the Trustee or by an Extraordinary Resolution or (ii) for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent; or

(v) *Cessation of Business*: the Issuer or the Group ceases or threatens to cease to carry on all or, in the opinion of the Trustee, substantially all of its business, save for the purposes of an amalgamation, merger, consolidation, transfer, reorganisation or restructuring whilst solvent (on terms approved in writing by the Trustee or by an Extraordinary Resolution); or

(vi) *Insolvency*: (i) the Issuer or any Material Subsidiary stops or is unable to pay its debts (or any class of its debts) as they fall due, or suspends or threatens to stop payment of its debts, or (ii) proceedings are initiated against the Issuer or any Material Subsidiary under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, examiner, administrator or other similar official, or an administrative or other receiver, manager, examiner, administrator or other similar official is appointed, in relation to the Issuer or any Material Subsidiary, as the case may be, in relation to all or, in the opinion of the Trustee, substantially all of the undertakings or assets of any of them or an

encumbrancer takes possession of all or, in the opinion of the Trustee, substantially all of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against all or, in the opinion of the Trustee, substantially all of the undertaking or assets of any of them, and (iii) in any such case (other than the appointment of an administrator) unless initiated by the relevant company, is not discharged within 30 days, save in each case for the purposes of or pursuant to an amalgamation, reorganisation or restructuring of the Issuer or any Material Subsidiary, as the case may be, whilst solvent; or

(vii) *Authorisation and Consents*: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Notes and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Notes and the Trust Deed admissible in evidence in the courts of England and Wales is not taken, fulfilled or done; or

(viii) *Analogous Events*: any event occurs which, under the laws of any relevant jurisdiction, has or may have an analogous effect to any of the events referred to in subparagraphs (iv) and (vi) above.

(b) Enforcement

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such steps, actions or proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed and the Notes.

(c) Entitlement of Trustee

The Trustee shall not be bound to take any of the actions referred to in this Condition 9 against the Issuer to enforce the terms of the Trust Deed, the Notes or the Coupons or any other action under or pursuant to the Trust Deed unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or requested in writing by the holders of at least one fifth in principal amount of the Notes then outstanding and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

(d) Right of Noteholders and Couponholders

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become so bound to proceed, fails to do so within a reasonable period and such failure shall be continuing, in which case the Noteholders and the Couponholders shall have only such rights against the Issuer as those which the Trustee is entitled to exercise as set out in this Condition 9.

10 Meetings of Noteholders, Modification, Waiver and Substitution

(a) Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution (as defined in the Trust Deed) of any of these Conditions or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer, the Trustee or Noteholders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding. The quorum at any meeting convened to consider an Extraordinary Resolution shall be one or more persons holding or representing a clear

majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons holding or representing Noteholders whatever the principal amount of the Notes held or represented, except that, at any meeting the business of which falls within the proviso to paragraph 2 of Schedule 3 to the Trust Deed, the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, of the principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Trust Deed also provides that a written resolution executed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes outstanding or consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of holders of not less than 75 per cent. in principal amount of the Notes outstanding who would have been entitled to vote upon it if it had been proposed at a meeting at which they were present shall take effect as if it were an Extraordinary Resolution. A resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

The agreement or approval of the Noteholders shall not be required in the case of any consequential amendments to these Conditions and/or the Trust Deed approved by the Trustee in connection with a substitution of the Issuer.

(b) Modification of the Trust Deed

In addition to the requirements of Condition 11, the Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed: (i) which is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders or (ii) which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error. For the avoidance of doubt, such power shall not extend to any such modification as mentioned in the proviso to paragraph 2 of Schedule 3 to the Trust Deed.

The agreement or approval of the Noteholders shall not be required in the case of any Benchmark Amendments required by the Issuer pursuant to Condition 4(n).

(c) Trustee to have regard to interests of Noteholders as a class

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution of obligor), the Trustee shall have regard to the general interests of the Noteholders and Couponholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders except to the extent provided for in Condition 7 and/or any undertaking given in addition to, or in substitution for, Condition 7 pursuant to the Trust Deed.

(d) ***Notification to the Noteholders***

Any modification, abrogation, waiver, authorisation, determination or substitution pursuant to this Condition 10 shall be binding on the Noteholders and the Couponholders and, unless the Trustee agrees otherwise, shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 15.

11 Substitution

(a) ***Discretion to agree to substitution***

The Trust Deed contains provisions permitting the Trustee to agree, subject to (a) such substitution not being, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders, (b) certain additional conditions set out in the Trust Deed being satisfied (including no negative rating event with respect to the Notes) and (c) such amendment of these Conditions, the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or Couponholders:

(i) to the substitution of a successor in business of the Issuer in place of the Issuer or any previous substitute under this Condition 11 as principal debtor under the Trust Deed and the Notes; or

(ii) to the substitution of the Insurance Group Parent Entity in place of the Issuer or any previous substitute under this Condition 11 as principal debtor under the Trust Deed and the Notes; or

(iii) (subject to the Notes being unconditionally and irrevocably guaranteed on an unsubordinated basis by the Issuer), to the substitution of a Subsidiary or parent company of the Issuer or its successor in business in place of the Issuer or any previous substitute under this Condition 11 as principal debtor under the Trust Deed and the Notes,

any such substitute being a "**Substituted Obligor**".

(b) ***Change of law***

In the case of a substitution pursuant to this Condition 11, the Trustee may agree, without the consent of the Noteholders, to a change of the law governing the Notes and/or the Trust Deed provided that such change or the substitution would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

(c) ***Notice to Noteholders***

The Issuer will give notice of any substitution pursuant to this Condition 11 to Noteholders in accordance with Condition 15 as soon as reasonably practicable following such substitution.

12 Indemnification of the Trustee and its Contracting with the Issuer

(a) ***Indemnification and protection of the Trustee***

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility and liability towards the Issuer, the Noteholders and the Couponholders, including (i) provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction and (ii) provisions limiting or excluding its liability in certain circumstances. The Trust Deed provides that, when determining whether an indemnity or any security or pre-funding is satisfactory to it, the Trustee shall be entitled (i) to evaluate its risk in any given circumstance by considering the worst-case scenario and (ii) to require that any indemnity or security given to it by the Noteholders or any of them be given on a joint and several basis and be supported by evidence

satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.

(b) Trustee contracting with the Issuer

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (i) to enter into business transactions with the Issuer and/or any of its Subsidiaries and/or any Substituted Obligor and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any if its Subsidiaries and/or any Substituted Obligor, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders, and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

(c) Reports and certificates

The Trust Deed provides that the Trustee may rely and act upon the advice, opinion or report of or any information obtained from any lawyer, valuer, accountant (including the auditors of the Issuer), surveyor, banker, broker, auctioneer, or other expert (whether obtained by the Issuer, the Trustee or otherwise, whether or not addressed to the Trustee, and whether or not the advice, opinion, report or information, or any engagement letter or other related document, contains a monetary or other limit on liability or limits the scope and/or basis of such advice, opinion, report or information). The Trustee may also rely and act upon certificates and/or information addressed to it from, or delivered by, the Issuer, any Substituted Obligor or any one or more Directors of the Issuer or any Substituted Obligor or any of their respective auditors, liquidators, administrators or other insolvency officials. The Trustee will not be responsible to anyone for any liability occasioned by so relying and acting. Any such advice, opinion, information or certificate may be sent or obtained by letter, email, electronic communication or fax and the Trustee shall not be liable for acting in good faith on any advice, opinion, information or certificate purporting to be conveyed by such means even if it contains an error or is not authentic.

13 Replacement of Notes, Certificates, Coupons and Talons

If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent. as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

14 Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects

except for the amount and date of the first payment of interest on them and the date from which interest starts to accrue) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any Series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Issue Date shall be to the Issue Date of the first Tranche of Notes of any Series. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition 14 and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any Series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other Series where the Trustee so decides.

15 Notices

Notices to the holders of Registered Notes shall be valid if mailed to them at their respective addresses in the Register and deemed to be given on the fourth weekday (being a day other than a Saturday or Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*). The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or any other relevant authority on which the Notes are for the time being listed. If in the opinion of the Trustee any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above. The Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders if, in its sole opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchange on which the relevant Notes are then admitted to trading and provided that notice of such other method is given to the Noteholders in such manner as the Trustee shall require.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition 15.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Issuing and Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes).

16 Contracts (Rights of Third Parties) Act 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term or condition of the Notes, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

17 Definitions

As used herein:

"**Acquired Debt**" means, with respect to any specified Person, Indebtedness of any other Person existing at the time such other Person is merged, consolidated, amalgamated or otherwise combined with or into or is acquired by or otherwise becomes a Subsidiary of such specified Person, provided that such Indebtedness is not incurred for the purpose of or to facilitate such other Person merging, consolidating, amalgamating or

otherwise combining with or into, or being acquired by or otherwise becoming a Subsidiary of, such specified Person;

"**Additional Amounts**" has the meaning given to it in Condition 7;

"**Additional Financial Centres**" has the meaning given to it in the relevant Final Terms or Pricing Supplement;

"**Agency Agreement**" has the meaning given in the preamble to these Conditions;

"**Amortisation Yield**" has the meaning given to it in Condition 5(b) or the relevant Final Terms or Pricing Supplement, as applicable;

"**Amortised Face Amount**" has the meaning given to it in Condition 5(b);

"**Asset Management Subsidiary**" means any member of the Group from time to time which has, for the time being, a permission under Part IV of FSMA to carry out activities under Chapters V, VI, VII, VIII or XII of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 and which is not an Insurance Subsidiary (or where such member of the Group conducts or is intending to conduct business outside the UK, a substantially similar permission, to the extent applicable to such business in the relevant jurisdiction) in respect of (without limitation) investment management, asset management and/or investment advice;

"**Asset Management Subsidiary Asset**" means any asset held or managed by an Asset Management Subsidiary on behalf of any member of the Group or for the benefit of a third party which is not a member of the Group;

"**Bearer Notes**" has the meaning given to it in Condition 1;

"**Calculation Agent(s)**" has the meaning given in the preamble to these Conditions or, in the case of Condition 4(c)(iii)(A), as defined therein;

"**Call Option**" has the meaning given to it in the relevant Final Terms or Pricing Supplement;

"**Certificates**" has the meaning given in Condition 1;

"**Couponholders**" has the meaning given in the preamble to these Conditions;

"**Coupons**" has the meaning given in the preamble to these Conditions;

"**Directors**" means the directors of the Issuer or a Substituted Obligor (as the case may be) from time to time;

"**Early Redemption Amount**" has the meaning given to it in the relevant Final Terms or Pricing Supplement;

"**EIOPA**" means the European Insurance and Occupational Pensions Authority;

"**European Economic Area**" or "**EEA**" means the countries comprising the European Union together with Norway, Liechtenstein and Iceland;

"**Events of Default**" has the meaning given to it in Condition 9(a);

"**Exercise Notice**" has the meaning given to it in Condition 5(e);

"**Existing Bank Debt**" means existing and future indebtedness incurred or to be incurred pursuant to the revolving credit agreement dated 23 July 2014, as amended and restated on 21 March 2016, between PGH Capital Public Limited Company, Phoenix Group Holdings and Commerzbank Finance & Covered Bond S.A. (as agent), among others as amended, restated and/or extended from time to time;

"**Existing Security Interests**" means any Security Interest existing as at the Issue Date;

"**Extraordinary Resolution**" has the meaning given in the Trust Deed;

"**Final Redemption Amount**" has the meaning given to it in the relevant Final Terms or Pricing Supplement;

"**FSMA**" means the UK Financial Services and Markets Act 2000;

"**Group**" means the Issuer and its consolidated subsidiaries taken as a whole;

"**Holder**" has the meaning given to it in Condition 1;

"**IFRS**" means International Financial Reporting Standards as set out in the Group's most recent published financial statements;

"**Indebtedness**" means any indebtedness, in respect of any person for, or in respect of, moneys borrowed or raised including, without limitation and in each case without double counting, (i) any amount raised under any acceptance credit facility, (ii) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument, (iii) any amount raised under any other transaction (including any forward sale or purchase agreement and the principal component of all obligations, or liquidation preference, of such Person with respect to any preferred stock or redeemable stock (but excluding, in each case, any accrued dividends)) having the economic effect of a borrowing and treated as such under IFRS, (iv) any finance leases, (v) deferred purchase price or conditional sale obligations, (vi) hedging obligations entered into for speculative purposes (but for the avoidance of doubt, excluding hedging obligations entered into other than for speculative purposes), (vii) guarantees by such Person of the principal component of Indebtedness of other Persons to the extent guaranteed by such Person and (viii) the amount of any liability in respect of any guarantee, security or indemnity for any of the items referred to above, including of other Persons;

"**Insurance Group**" means the Insurance Group Parent Entity and its Subsidiaries;

"**Insurance Group Parent Entity**" means the Issuer, or any Subsidiary or parent company of the Issuer which from time to time constitutes the highest entity in the relevant insurance group for which supervision of group capital resources or solvency is required (whether or not such requirement is waived in accordance with the Relevant Rules) pursuant to the Regulatory Capital Requirements in force from time to time;

As at the date of this Prospectus, the Insurance Group Parent Entity is the Issuer.

"**Insurance Subsidiary**" means any member of the Group from time to time which has, for the time being, a permission under Part IV of FSMA (or where such member of the Group conducts or is intending to conduct business outside the UK, a substantially similar permission, to the extent applicable to such business in the relevant jurisdiction) to effect and/or carry out contracts of insurance or in respect of reinsurance, but excluding, for the avoidance of doubt, Investment Vehicles and Share Scheme Vehicles;

"**Interest Basis**" has the meaning given to it in the relevant Final Terms or Pricing Supplement;

"**Interest Commencement Date**" has the meaning given to it in the relevant Final Terms or Pricing Supplement;

"**Interest Payment Date**" has the meaning given to it in Condition 4(c);

"**Investment Vehicle**" means any entity (whether or not such entity is a body corporate), including compartments thereof, from time to time, in each case provided Investors (as defined below) do not have operational control over the investment activities in respect thereof (save as customarily contained in investment management agreements, mandates or similar arrangements):

(a) the primary purpose of which is to make investments on behalf of or to raise capital from members of the Group (together, excluding any Asset Management Subsidiary, the "**Investors**") and/or third party investors to invest in accordance with a defined investment policy (as may be amended from time to time); or

(b) in which funds from Investors are used to participate in joint ventures; or

(c) in which funds are invested by any entity described in (a) or (b) above; or

(d) the primary purpose of which is to act as a general partner, managing limited partner, management company (or other entity with similar purpose) in respect of any entity referred to in paragraphs (a), (b) or (c) above;

"**Issue Date**" has the meaning given in the preamble of these Conditions;

"**Issue Price**" has the meaning given to it in the relevant Final Terms or Pricing Supplement;

"**Issuer**" has the meaning given in the preamble to these Conditions;

"**Issuing and Paying Agent**" has the meaning given in the preamble to these Conditions;

"**Level 2 Regulations**" means the Commission Delegated Regulation (EU) No. 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council of the European Union on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II);

"**London Stock Exchange**" means the London Stock Exchange plc;

"**Maximum Rate of Interest**" has the meaning given to it in the relevant Final Terms or Pricing Supplement;

"**Maximum Redemption Amount**" has the meaning given to it in the relevant Final Terms or Pricing Supplement;

"**Material Subsidiary**" means at any time a direct or indirect Subsidiary of the Issuer which has net assets representing 5 per cent. or more of the consolidated net assets of the Group, calculated on a consolidated basis in accordance with the then most recent audited consolidated financial statements of the Issuer, unless in each case such Person has transferred all or substantially all of its assets to another Person pursuant to an insurance business transfer scheme made under Part VII of FSMA. If a Person becomes a member of the Group after the end of the financial period to which the most recent published consolidated financial statements of the Group relate, those financial statements shall be adjusted as if that Person had been shown in them by reference to its then latest audited financial statements and until published consolidated financial statements of the Group for the financial period in which the acquisition is made have been published. For the purpose of this definition, a certificate of two directors of the Issuer (whether or not addressed to the Trustee) that in their opinion a Subsidiary of the Issuer is or is not or was or was not at any particular time or throughout any specified period a Material Subsidiary may be relied upon by the Trustee without liability to any person and without further enquiry or evidence and, if relied upon by the Trustee, shall, in the absence of manifest error, be conclusive and binding on all parties;

"**Maturity Date**" has the meaning given to it in the relevant Final Terms or Pricing Supplement;

"**Member State**" means a member of the EEA;

"**Minimum Rate of Interest**" has the meaning given to it in the relevant Final Terms or Pricing Supplement;

"**Minimum Redemption Amount**" has the meaning given to it in the relevant Final Terms or Pricing Supplement;

"**Non-recourse Borrowings**" means any Indebtedness for moneys borrowed to finance the ownership, acquisition, development and/or operation of an asset (including in respect of value in force, embedded value

or analogous financings) in respect of which the person or persons to whom any such indebtedness for moneys borrowed is or may be owed by the relevant borrower has or have no recourse whatsoever to the Issuer or any Material Subsidiary of the Issuer for the repayment thereof other than: (a) recourse to such borrower for amounts limited to the cash flow or net cash flow from such asset; and/or (b) recourse to such borrower for the purpose only of enabling amounts to be claimed in respect of such indebtedness for borrowed money in an enforcement of any encumbrance given by such borrower over such asset or the income, cash flow or other proceeds deriving therefrom (or given by any shareholder or the like in the borrower over its shares or the like in the capital of the borrower) to secure indebtedness for moneys borrowed, provided that (i) the extent of such recourse to such borrower is limited solely to the amount of any recoveries made on such enforcement, and (ii) such person or persons are not entitled, by virtue of any right or claim arising out of or in connection with such indebtedness for moneys borrowed, to commence proceedings for the winding-up or dissolution of the borrower or to appoint or procure the appointment of any receiver, trustee or similar person or officer in respect of the borrower or any of its assets (save for the assets the subject of such encumbrance); and/or (c) recourse to such borrower generally, or directly or indirectly to the Issuer or any Material Subsidiary of the Issuer, under any form of assurance, undertaking or support, which recourse is limited to a claim for damages for breach of an obligation (not being a payment obligation or an obligation to procure payment by another or an indemnity in respect thereof) by the person against whom such recourse is available;

"**Noteholder**" has the meaning given to it in Condition 1;

"**Optional Redemption Amount**" has the meaning given to it in the relevant Final Terms or Pricing Supplement;

"**Optional Redemption Date**" has the meaning given to it in the relevant Final Terms or Pricing Supplement;

"**ordinary course of business**" includes, without limitation:

(a) in respect of an Insurance Subsidiary:

(i) inwards or outwards insurance or reinsurance business carried out by such Insurance Subsidiary;

(ii) inwards or outwards transfers of insurance policies undertaken by such Insurance Subsidiary under Part VII of FSMA or any successor legislation thereto;

(iii) stock lending transactions undertaken by or on behalf of such Insurance Subsidiary;

(iv) investment business undertaken by or on behalf of such Insurance Subsidiary; and

(v) any other activities carried out in accordance with paragraph 9.1 of the chapter entitled "Conditions Governing Business" of the PRA Rulebook for Solvency II Firms (or any successor thereto or replacement thereof) forming part of the handbook of rules and guidance published by the Prudential Regulation Authority (or any successor thereof) of the United Kingdom;

(b) in respect of an Asset Management Subsidiary, carrying out asset management activities, investment management activities and/or providing investment advice, and ancillary activities related thereto;

(c) in respect of members of the Group which are not an Asset Management Subsidiary or an Insurance Subsidiary, carrying out financial investment activities, treasury activities (such as buying and selling securities and other investments, non-speculative hedging activity and related credit support activities, but for the avoidance of doubt excluding the issuance of Indebtedness) and/or service company activities;

"**Paying Agents**" has the meaning given in the preamble to these Conditions;

"**Permitted Security Interest**" means any Security Interest:

(a) arising by operation of law;

(b) arising in connection with Non-recourse Borrowings;

(c) arising in connection with Indebtedness issued, incurred or subsisting between members of the Group;

(d) arising in respect of deferred payment terms which are paid within six months;

(e) arising (i) in the ordinary course of business of, or on behalf of, an Insurance Subsidiary or an Asset Management Subsidiary, (ii) (to the extent not already covered by (i)) in respect of any assets representing some or all of the fund or funds maintained by the Issuer or any Insurance Subsidiary in respect of any contract of insurance (as defined in the FSMA 2000 (Regulated Activities) Order 2001) or (iii) in respect of any Asset Management Subsidiary Asset;

(f) arising in connection with any pension scheme relating to employees or other staff of any member of the Group;

(g) under any retention of title arrangements and rights of set-off arising in the ordinary course of the business of the relevant member of the Group with suppliers of goods to any member of the Group;

(h) under any netting or set-off arrangement or credit support arrangements entered into under any hedging or derivative transaction and not for speculative purposes;

(i) under any netting or set-off arrangement entered into by a member of the Group in the ordinary course of the Group's banking arrangements;

(j) over or affecting any asset acquired by a member of the Group which is incurred under arrangements in existence at the date of acquisition, but only for a period of six months from the completion of the acquisition and provided that:

  (i) such security was not incurred or created in contemplation of the acquisition of that asset; and

  (ii) the principal amount secured by such security has not been increased in contemplation of, or since the date of, the acquisition of that asset;

(k) granted in connection with the amendment, restatement and/or extension of any Existing Bank Debt (as amended, restated and/or extended where either the existing borrowers under such Existing Bank Debt remain as borrowers or the Issuer becomes the borrower under such amended and/or extended Indebtedness), subject to the new Security Interest being either:

  (i) required or deemed beneficial in connection with any regulatory requirement applicable or which will become applicable to any member of the Group; or

  (ii) on substantially similar terms (and over substantially similar assets) as an Existing Security Interest granted in connection with the same Existing Bank Debt (as so amended, restated and/or extended);

(l) granted in connection with any Existing Bank Debt subject to the new Security Interest being required or deemed beneficial in connection with any regulatory requirement applicable or which will become applicable to any member of the Group;

(m) securing Acquired Debt, provided such Security Interest(s) over such Acquired Debt is released within six months of being acquired; or

(n) securing Indebtedness the principal amount of which (when aggregated with the principal amount of any other Indebtedness which has the benefit of such Security Interests given by any member of the Group other than any permitted under paragraphs (a) to (m) above) does not at any time exceed £20,000,000 (or its equivalent in another currency or currencies);

"**Person**" means any individual, corporation, company, partnership, joint venture, association, joint stock company, trust, unincorporated organisation, limited liability company or government or other entity;

"**PRA**" means the Bank of England acting as the UK Prudential Regulation Authority through its Prudential Regulatory Committee or such successor or other authority having primary supervisory authority with respect to prudential matters in relation to the Issuer, the Insurance Group and/or the Insurance Group Parent Entity;

"**Proceedings**" has the meaning given to it in Condition 18(b);

"**Put Option**" has the meaning given to it in the relevant Final Terms and Pricing Supplement;

"**Rate of Interest**" has the meaning given to it in the relevant Final Terms and Pricing Supplement;

"**Record Date**" has the meaning given to it in Condition 6(b);

"**Redemption Basis**" has the meaning given to it in the relevant Final Terms and Pricing Supplement;

"**Register**" has the meaning given in Condition 1;

"**Registered Notes**" has the meaning given to it in Condition 1;

"**Registrar**" has the meaning given in the preamble to these Conditions;

"**Regulatory Capital Requirements**" means any applicable capital resources requirement or applicable overall financial adequacy rule required by the PRA pursuant to the Relevant Rules, as such requirements or rules are in force from time to time;

"**Relevant Date**" has the meaning given in Condition 7;

"**Relevant Indebtedness**" means any Indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other similar debt securities which for the time being are, or are intended to be or are capable of being quoted, listed or dealt in or traded on any stock exchange or, with the agreement of the Issuer or any Material Subsidiary of the Issuer, any over-the-counter or other securities market other than Indebtedness which has a stated maturity not exceeding one year;

"**Relevant Jurisdiction**" means the United Kingdom, or in each case any political subdivision or any authority thereof or therein having power to tax or, in either case, any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject to tax in respect of payments made by it of principal and/or interest on the Notes in respect thereof;

"**Relevant Rules**" means, at any time, any legislation, rules or regulations (whether having the force of law or otherwise) then applying to the Issuer, the Insurance Group Parent Entity or the Insurance Group relating to own funds, capital resources, capital requirements, financial adequacy requirements or other prudential matters (including, but not limited to, the characteristics, features or criteria of any of the foregoing) and without limitation to the foregoing, includes (to the extent then applying as aforesaid) Solvency II, any legislation, rules or regulations implementing Solvency II and any legislation, rules or regulations of the PRA relating to such matters;

"**Security Interest**" has the meaning given in Condition 3(b);

"**Series**" has the meaning given in the preamble to these Conditions;

"**Share Scheme Vehicles**" means any entity established for the purpose of, or which becomes primarily involved in, share incentive schemes (as structured from time to time) relating to employees or other staff of any member of the Group;

"**Solvency II**" means the Solvency II Directive and any additional measures adopted to give effect to the Solvency II Directive (for the avoidance of doubt, whether implemented by way of regulation (including, without limitation, the Level 2 Regulations), a directive, application of relevant EIOPA guidelines or otherwise);

"**Solvency II Directive**" means Directive 2009/138/EC of the European Parliament and of the Council of the European Union of 25 November 2009 on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II) (as amended);

"**Specified Denomination**" has the meaning given to it in the relevant Final Terms and Pricing Supplement;

"**Subsidiary**" (i) for the purposes of Insurance Group and Insurance Group Parent Entity, has the meaning given to it under Section 1159 of the Companies Act 2006 (as amended from time to time) and (ii) otherwise for the purposes of these Conditions, means any corporation, association, partnership, joint venture, limited liability company or other business entity of which more than 50% of the total voting power of shares or other interests (including partnership and joint venture interests) entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by (1) such Person, (2) such Person and one or more Subsidiaries of such Person or (3) one or more Subsidiaries of such Person. Unless otherwise specified herein, each reference to a Subsidiary refers to a Subsidiary of the Issuer and, for the purposes of these Conditions, Share Scheme Vehicles and Investment Vehicles shall not at any time constitute Subsidiaries of the Issuer;

"**Substituted Obligor**" has the meaning given to it in Condition 11(a);

"**successor in business**" has the meaning given in the Trust Deed;

"**Tranche**" has the meaning given in the preamble to these Conditions;

"**Transfer Agents**" has the meaning given in the preamble to these Conditions;

"**Trust Deed**" has the meaning given in the preamble to these Conditions;

"**Trustee**" has the meaning given in the preamble to these Conditions; and

"**United Kingdom**" means the United Kingdom of Great Britain and Northern Ireland.

18 Governing Law and Jurisdiction

(a) Governing law

The Trust Deed, the Notes, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes, the Coupons and/or the Talons are governed by, and shall be construed in accordance with, English law.

(b) Jurisdiction

The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed or the Notes and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed or any Notes ("**Proceedings**") may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of the courts of England in respect of any such Proceedings (but this is without prejudice to the rights of the Trustee or

the Noteholders to commence Proceedings in any jurisdiction and/or concurrent Proceedings in one or more jurisdictions to the extent permitted by law).

TERMS AND CONDITIONS OF THE TIER 3 NOTES

The following is the text of the terms and conditions that, subject to completion and as supplemented in accordance with the provisions of Part A of the relevant Final Terms or, in the case of PR Exempt Notes, the relevant Pricing Supplement and except for the paragraphs in italics, shall be applicable to the Tier 3 Notes in definitive form (if any) issued in exchange for the Global Note(s) or Certificates representing each Series of Tier 3 Notes. The full text of these terms and conditions together with the relevant provisions of Part A of the Final Terms or Pricing Supplement (as applicable) shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. Accordingly, references in these terms and conditions to provisions "specified hereon" or "specified as such hereon" shall be to the provisions endorsed on the face of the relevant Note or Certificate or set out in the relevant Final Terms or Pricing Supplement (as applicable). The relevant Pricing Supplement in relation to any Tranche of PR Exempt Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of the relevant Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Final Terms or Pricing Supplement. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. These Conditions shall be applicable to those Notes which are specified to be "Tier 3 Notes" in the relevant Final Terms or Pricing Supplement. References in the Conditions to "Notes" are to the Tier 3 Notes of one Series only, not to all Notes that may be issued under the Programme.

This Note is one of a Series (as defined below) of Notes issued by Phoenix Group Holdings plc (the "**Issuer**") constituted by a trust deed dated 24 June 2019 as amended and restated on 25 September 2020 (as amended or supplemented as at the date of issue of the Notes (the "**Issue Date**")) (the "**Trust Deed**") between the Issuer and Citibank, N.A., London Branch (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. An agency agreement dated 24 June 2019 as amended and restated on 25 September 2020 (as amended or supplemented as at the Issue Date, the "**Agency Agreement**") has been entered into in relation to the Notes between the Issuer, the Trustee, Citibank, N.A., London Branch as initial issuing and paying agent, Citigroup Global Markets Europe AG as registrar and the other agents named in it. The issuing and paying agent, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Issuing and Paying Agent**", the "**Paying Agents**" (which expression shall include the Issuing and Paying Agent), the "**Registrar**", the "**Transfer Agents**" (which expression shall include the Registrar) and (unless otherwise set out herein or hereon) the "**Calculation Agent(s)**". Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours and upon reasonable notice at the specified offices of the Paying Agents and the Transfer Agents.

The Noteholders and the holders of the interest coupons (the "**Coupons**") relating to interest-bearing Notes in bearer form and, where applicable, in the case of such Notes, talons for further Coupons (the "**Talons**") (the "**Couponholders**") are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement. Any reference herein to Coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons.

As used in these Conditions, "**Tranche**" means Notes which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which (a) are expressed to be consolidated and form a single series and (b) have the same

terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

1 Form, Denomination and Title

The Notes are issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**") in each case in the Specified Denomination(s) shown hereon provided that in the case of any Notes which are to be admitted to trading on a regulated market in the United Kingdom or within the European Economic Area or offered to the public in a Member State in circumstances which require the publication of a Prospectus under the Prospectus Regulation (Regulation (EU) 2017/1129, as amended), the minimum Specified Denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes).

This Note is a Fixed Rate Note, a Fixed to Floating Rate Note, a Fixed Rate Reset Note or a Floating Rate Note or a combination of the foregoing, depending upon the Interest Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached.

Registered Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(b), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass upon registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, "**Noteholder**" means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be), "**holder**" (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

2 Transfers of Registered Notes

(a) Transfer of Registered Notes

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer (as set out in Schedule 1 of the Trust Deed) endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

(b) Exercise of Options or Partial Redemption in Respect of Registered Notes

In the case of an exercise of an Issuer's option in respect of a holding of Registered Notes represented by a single Certificate or a partial redemption of a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(c) Delivery of New Certificates

Each new Certificate to be issued pursuant to Condition 2(a) or (b) shall be available for delivery within three Business Days of receipt of the form of transfer and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Registrar or relevant Transfer Agent (as applicable) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(c), "**Business Day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(d) Transfer Free of Charge

Transfer of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges by the person submitting such Notes or Certificates that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(e) Closed Periods

No Noteholder may require the transfer of a Note (or part thereof) to be registered during the period of 15 days ending on the due date for any payment of principal or interest or during the period following delivery of a notice of a voluntary payment of Arrears of Interest in accordance with Condition 5(c) and Condition 16 and ending on the date referred to in such notice as having been fixed for such payment of Arrears of Interest.

3 Status of the Notes

(a) Status

The Notes and the Coupons relating to them constitute direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves. The rights and claims of the Noteholders in any Issuer Winding-Up are as described in the Trust Deed, this Condition 3 and Condition 10.

(b) Issuer Winding-Up

Subject to Condition 3(c), if:

(i) at any time an order is made, or an effective resolution is passed, for the winding-up of the Issuer (except, in any such case, (A) a solvent winding-up solely for the purpose of a reconstruction or amalgamation, the terms of which have previously been approved in writing by the Trustee or by an Extraordinary Resolution and do not provide that the Notes or any amount in respect thereof shall thereby become payable or (B) the substitution in place of the Issuer of a successor in business (as defined in the Trust Deed) of the Issuer in accordance with the provisions of Condition 12); or

(ii) an administrator of the Issuer is appointed and such administrator gives notice that it intends to declare and distribute a dividend or other distribution of the assets of the Issuer,

(the events in Conditions 3(b)(i) and 3(b)(ii) each being an "**Issuer Winding-Up**"), the rights and claims of the Trustee (on behalf of the Noteholders and Couponholders but not the rights and claims of the Trustee in its personal capacity under the Trust Deed which shall not be subordinated), the Noteholders and the Couponholders against the Issuer in relation to the Notes, the Coupons and the Trust Deed (including, without limitation, any damages awarded for breach of any obligations under the Notes, the Coupons and the Trust Deed) will be subordinated in the manner provided in the Trust Deed to the claims of all Senior Creditors of the Issuer, but shall rank:

(A) at least *pari passu* with (i) all claims of holders of subordinated obligations of the Issuer (including, without limitation, obligations pursuant to a guarantee) which have the necessary features to qualify as Tier 3 Capital as at their issue date and/or (in the case of financings entered into prior to 18 April 2018) which are, or have been, incurred by the Issuer in relation to a financing transaction where some or all of the initial proceeds from the relevant financing transaction were on-lent by the Issuer or any Subsidiary of the Issuer to any member of the Insurance Group in a form having the necessary features to qualify as Tier 3 Capital as at the date such on-loan was made and (ii) all claims of holders of other subordinated obligations of the Issuer (including, without limitation, obligations pursuant to a guarantee) which rank, or are expressed to rank, *pari passu* with the Notes (and shall include, without limitation and for so long as any of the same shall remain outstanding, the Issuer's £450,000,000 4.125 per cent. Tier 3 Notes due 2022 (ISIN XS1551285007)) (together, the "**Parity Obligations of the Issuer**"); and

(B) in priority to (i) the claims of holders of obligations of the Issuer which have the necessary features to qualify as Tier 2 Capital as at their issue date and/or (in the case of financings entered into prior to 18 April 2018) which are, or have been, incurred by the Issuer in relation to a financing transaction where some or all of the initial proceeds from the relevant financing transaction were on-lent by the Issuer or any Subsidiary of the Issuer to any member of the Insurance Group in a form having the necessary features to qualify as Tier 2 Capital as at the date such on-loan was made (and shall include, without limitation and for so long as any of the same shall remain outstanding, the Issuer's £428,113,000 6.625 per cent. Subordinated Notes due 2025 (ISIN XS1171593293)), (ii) the claims of holders of any undated or perpetual subordinated obligations of the Issuer (including, without limitation, obligations pursuant to a guarantee), (iii) the claims of holders of any subordinated obligations of the Issuer (including, without limitation, obligations pursuant to a guarantee) which rank, or are expressed to rank, junior to the Notes and (iv) the claims of holders of all classes of shares in the Issuer (together, the "**Junior Obligations of the Issuer**").

(c) No Prejudice to Trustee Remuneration

Nothing in the Trust Deed or these Conditions shall affect or prejudice the payment of the costs, fees, charges, expenses, liabilities or remuneration of the Trustee under the Trust Deed or the rights and remedies of the Trustee in respect thereof.

(d) Solvency Condition

Other than in circumstances where an Issuer Winding-Up has occurred or is occurring (but subject to Condition 3(c)), all payments under or arising from (including any damages awarded for breach of any obligations under) the Notes, the Coupons or the Trust Deed shall be conditional upon the Issuer being solvent at the time for payment by the Issuer and no amount shall be payable under or arising from the Notes, the Coupons or the Trust Deed unless and until such time as the Issuer could make such payment and still be solvent immediately thereafter (the "**Solvency Condition**").

For the purposes of this Condition 3(d), the Issuer will be solvent if (i) it is able to pay its debts owed to Senior Creditors of the Issuer and Parity Creditors of the Issuer as they fall due and (ii) its Assets exceed its Liabilities.

A certificate as to the solvency or lack thereof of the Issuer signed by two Directors of the Issuer or, if there is a winding-up or administration of the Issuer, the liquidator or, as the case may be, the administrator of the Issuer shall (in the absence of manifest error) be treated and accepted by the Issuer, the Trustee, the Noteholders, the Couponholders and all other interested parties as correct and sufficient evidence thereof and shall be binding on all such persons. The Trustee shall be entitled to rely absolutely on such certificate without liability to any person and without any obligation to verify or investigate the accuracy thereof.

(e) Set-off, etc.

By acceptance of the Notes and/or the Coupons, and subject to applicable law, each Noteholder and each Couponholder will be deemed to have waived and to have directed and authorised the Trustee on its behalf to have waived any right of set-off or counterclaim that such Noteholder or Couponholder might otherwise have against the Issuer in respect of or arising under the Notes, the Coupons or the Trust Deed whether prior to or in liquidation, winding-up or administration. Notwithstanding the preceding sentence, if any of the rights and claims of any Noteholder or Couponholder in respect of or arising under the Notes, the Coupons or the Trust Deed are discharged by set-off, such Noteholder or Couponholder will immediately pay an amount equal to the amount of such discharge to the Issuer or, if applicable, the liquidator, trustee, receiver or administrator of the Issuer and, until such time as payment is made, will hold a sum equal to such amount on trust for the Issuer or, if applicable, the liquidator, trustee, receiver or administrator in the relevant liquidation, winding-up or administration. Accordingly, such discharge will be deemed not to have taken place.

4 Interest and other Calculations

(a) Interest on Fixed Rate Notes and Fixed to Floating Rate Notes

Each Fixed Rate Note or Fixed to Floating Rate Note bears interest on its outstanding principal amount from (and including) the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest to (but excluding), (i) in the case of Fixed to Floating Rate Notes, the Fixed Rate End Date specified hereon, and (ii) in the case of Fixed Rate Notes, the Maturity Date specified hereon, and such interest shall (subject to Conditions 3(d) and 5) be payable in arrear on

each Interest Payment Date specified hereon. The amount of interest payable shall be determined in accordance with Condition 4(e).

(b) Interest on Fixed Rate Reset Notes

Each Fixed Rate Reset Note bears interest on its outstanding principal amount (unless a Benchmark Event has occurred, in which case the First Reset Rate of Interest and/or any Subsequent Reset Rate of Interest, as applicable, shall be determined pursuant to and in accordance with Condition 4(l)):

(i) from (and including) the Interest Commencement Date until (but excluding) the First Reset Note Reset Date at the Initial Rate of Interest;

(ii) from (and including) the First Reset Note Reset Date until (but excluding) the first Anniversary Date at the First Reset Rate of Interest; and

(iii) for each Subsequent Reset Period thereafter (if any), at the relevant Subsequent Reset Rate of Interest,

and such interest shall (subject to Conditions 3(d) and 5) be payable, in each case, in arrear on the Interest Payment Dates specified hereon. The amount of interest payable shall be determined in accordance with Condition 4(e).

Save as otherwise provided herein, the provisions applicable to Fixed Rate Notes shall apply to Fixed Rate Reset Notes.

(c) Interest on Floating Rate Notes and Fixed to Floating Rate Notes

(i) Interest Payment Dates

Each Floating Rate Note and each Fixed to Floating Rate Note bears interest on its outstanding principal amount from (and including), in the case of a Floating Rate Note, the Interest Commencement Date and, in the case of a Fixed to Floating Rate Note, the Fixed Rate End Date specified hereon at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest shall (subject to Conditions 3(d) and 5) be payable in arrear on each Interest Payment Date in the case of a Floating Rate Note and on each Interest Payment Date commencing after the Fixed Rate End Date specified hereon in the case of a Fixed to Floating Rate Note. The amount of interest payable shall be determined in accordance with Condition 4(e). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, "**Interest Payment Date**" shall mean each date which falls the number of months or other period shown hereon as the Specified Period after the preceding Interest Payment Date or, in the case of the first such Interest Payment Date, after the Interest Commencement Date, in the case of a Floating Rate Note, or after the Fixed Rate End Date, in the case of a Fixed to Floating Rate Note.

(ii) Business Day Convention

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified hereon is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each such subsequent date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be

postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) Rate of Interest for Floating Rate Notes and Fixed to Floating Rate Notes

The Rate of Interest in respect of Floating Rate Notes and, from and including the Fixed Rate End Date, Fixed to Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon (unless a Benchmark Event has occurred, in which case the relevant Rate of Interest shall be determined pursuant to and in accordance with Condition 4(l)).

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each relevant Interest Accrual Period shall be determined by the Calculation Agent, subject to Condition 4(l), as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(x) the Floating Rate Option is as specified hereon;

(y) the Designated Maturity is a period specified as such hereon; and

(z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**", "**Reset Date**" and "**Swap Transaction**" have the meanings given to those terms in the ISDA Definitions.

Unless otherwise specified hereon, the Minimum Rate of Interest shall be deemed to be zero.

(B) Screen Rate Determination for Floating Rate Notes

(x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject to Condition 4(l) and subject as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean of the offered quotations, (expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR), on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one

such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

(y) subject to Condition 4(l), if the Relevant Screen Page is not available or if, sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Eurozone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

(z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Eurozone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the rate of interest shall be the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Eurozone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the

relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

Unless otherwise specified hereon, the Minimum Rate of Interest shall be deemed to be zero.

(d) Margin, Maximum/Minimum Rates of Interest and Rounding

(i) If any Margin is specified hereon (either (x) generally or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 4(c) above by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin, subject always to the next paragraph.

(ii) If any Maximum or Minimum Rate of Interest is specified hereon, then any Rate of Interest shall be subject to such maximum or minimum, as the case may be.

In setting the Maximum or Minimum Rate of Interest, the Issuer shall have consideration to the limitations set out in any Relevant Rules.

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "**unit**" means the lowest amount of such currency that is available as legal tender in the country or countries of such currency.

(e) Calculations

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated. Where the Specified Denomination comprises more than one Calculation Amount, the amount of interest payable in respect of such Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination specified hereon.

(f) Linear Interpolation

Where Linear Interpolation is specified hereon as applicable in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by

straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified hereon as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified hereon as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

"**Applicable Maturity**" means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (b) in relation to ISDA Determination, the Designated Maturity.

(g) Determination and Publication of Rates of Interest and Interest Amounts

The Calculation Agent shall, subject to Condition 4(l), as soon as practicable on each Interest Determination Date or Reset Determination Date (as applicable), or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in any event no later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 4(c)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition 4 but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(h) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4 by the Calculation Agent shall (in the absence of manifest error) be binding on the Issuer, the Issuing and Paying Agent, the Paying Agents and all Noteholders and Couponholders and (in the absence of wilful default or fraud) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Issuing and Paying Agent or the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(i) Accrual of Interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

(i) the date on which all amounts due in respect of such Note have been paid; and

(ii) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Issuing and Paying Agent or the Registrar, as the case may be, and notice to that effect has been given to the Noteholders in accordance with Condition 16.

(j) Definitions

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Anniversary Date**" means the date specified as such hereon.

"**Applicable Maturity**" has the meaning given to it in Condition 4(f).

"**Benchmark Frequency**" has the meaning given to it in the relevant Final Terms or Pricing Supplement.

"**Benchmark Gilt**" means such United Kingdom government security having an actual or interpolated maturity date on or about the last day of such Reset Period as the Issuer after consultation with the Calculation Agent, on the advice of an investment bank of international repute, may determine would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issuances of corporate debt securities denominated in sterling and of a comparable maturity to the relevant Reset Period.

"**Benchmark Gilt Rate**" means, in respect of a Reset Period, the gross redemption yield (as calculated by the Calculation Agent in accordance with generally accepted market practice at such time) on a semi-annual compounding basis (rounded up (if necessary) to four decimal places) of the Benchmark Gilt in respect of that Reset Period, with the price of the Benchmark Gilt for this purpose being the arithmetic average (rounded up (if necessary) to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered prices of such Benchmark Gilt quoted by the Reset Reference Banks at 3.00 p.m. (London time) on the relevant Reset Determination Date on a dealing basis for settlement on the next following dealing day in London. If at least four quotations are provided, the Benchmark Gilt Rate will be the rounded arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Benchmark Gilt Rate will be the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Benchmark Gilt Rate will be the rounded quotation provided. If no quotations are provided, the Benchmark Gilt Rate will be (i) in the case of each Reset Period other than the Reset Period commencing on the First Reset Note Reset Date, the Reset Rate in respect of the immediately preceding Reset Period or (ii) in the case of the Reset Period commencing on the First Reset Note Reset Date, an amount specified hereon as the "First Reset Period Fallback".

"**Broken Amount**" has the meaning given to it in the relevant Final Terms or Pricing Supplement.

"**Business Day**" means:

(i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or

(ii) in the case of euro, a day on which the TARGET System is operating (a "**TARGET Business Day**"); and/or

(iii) in the case of a currency and/or one or more Additional Business Centres specified hereon, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Additional Business Centre(s) or, if no currency is indicated, generally in each of the Additional Business Centres.

"**Business Day Convention**" has the meaning given to it in the relevant Final Terms or Pricing Supplement.

"**Calculation Amount**" has the meaning given to it in the relevant Final Terms or Pricing Supplement.

"**CMT Designated Maturity**" has the meaning given to it in the relevant Final Terms or Pricing Supplement.

"**CMT Rate**" means, in relation to a Reset Period and the Reset Determination Date in relation to such Reset Period, the rate determined by the Calculation Agent, and expressed as a percentage, equal to:

(i) the yield for United States Treasury Securities at "constant maturity" for the CMT Designated Maturity, as published in the H.15 under the caption "treasury constant maturities (nominal)", as that yield is displayed on the CMT Rate Screen Page on such Reset Determination Date; or

(ii) if the yield referred to in paragraph (i) above is not published by 4:00 p.m. (New York City time) on the CMT Screen Page on such Reset Determination Date, the yield for the United States Treasury Securities at "constant maturity" for the CMT Designated Maturity as published in the H.15 under the caption "treasury constant maturities (nominal)" on such Reset Determination Date; or

(iii) if the yield referred to in paragraph (ii) above is not published by 4:30 p.m. (New York City time) on such Reset Determination Date, the Reset Reference Bank Rate on such Reset Determination Date.

"**CMT Rate Screen Page**" has the meaning given to it in the relevant Final Terms or Pricing Supplement or any successor service or such other page as may replace that page on that service for the purpose of displaying "treasury constant maturities" as reported in H.15.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or Interest Accrual Period, the "**Calculation Period**"):

(i) if "**Actual/Actual**" or "**Actual/Actual - ISDA**" is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(ii) if "**Actual/365 (Fixed)**" is specified hereon, the actual number of days in the Calculation Period divided by 365;

(iii) if "**Actual/365 (Sterling)**" is specified hereon, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if "**Actual/360**" is specified hereon, the actual number of days in the Calculation Period divided by 360;

(v) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(vi) if "**30E/360**" or "**Eurobond Basis**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D_2 will be 30;

(vii) if "**30E/360 (ISDA)**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30; and

(viii) if "**Actual/Actual-ICMA**" is specified hereon:

(A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(B) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

"**Determination Date**" means the date specified as such hereon or, if none is so specified, the Interest Payment Date; and

"**Determination Period**" means the period from and including a Determination Date in any year to but excluding the next Determination Date.

"**dealing day**" means a day, other than a Saturday or Sunday, on which the London Stock Exchange (or such other stock exchange on which the Benchmark Gilt is at the relevant time listed) is ordinarily open for the trading of securities.

"**Eurozone**" means the region comprising member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

"**First Reset Note Reset Date**" means the date specified as such hereon.

"**First Reset Period**" means the period from (and including) the First Reset Note Reset Date until (but excluding) the first Anniversary Date.

"**First Reset Period Fallback**" has the meaning given to it in the relevant Final Terms or Pricing Supplement.

"**First Reset Rate of Interest**" means the rate of interest being determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Reset Rate plus the Reset Margin (with such sum converted (if necessary) from a basis equivalent to the Benchmark Frequency to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes during the First Reset Period (such calculation to be made by the Calculation Agent)).

"**Fixed Leg**" has the meaning given to it in the relevant Final Terms or Pricing Supplement.

"**Fixed Rate End Date**" means the date specified as such hereon.

"**Floating Leg**" has the meaning given to it in the relevant Final Terms or Pricing Supplement.

"**Floating Rate Business Day Convention**" has the meaning given to it in Condition 4(c).

"**Following Business Day Convention**" has the meaning given to it in Condition 4(c).

"**H.15**" means the daily statistical release designated as H.15, or any successor publication, published by the board of governors of the Federal Reserve System at http://www.federalreserve.gov/releases/H15 or any successor site or publication.

"**Initial Rate of Interest**" means the initial rate of interest per annum specified hereon.

"**Interest Accrual Period**" means the period beginning on (and including) the Interest Commencement Date, in respect of the Floating Rate Notes, and the Fixed Rate End Date, in respect of the Fixed to Floating Rate Notes, and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

"**Interest Amount**" means, in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, Fixed Rate Reset Notes, and, prior to the Fixed Rate End Date, Fixed to Floating Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and, in respect of any other period, the amount of interest payable per Calculation Amount for that period.

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified hereon.

"**Interest Determination Date**" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified: (i) the first day of such Interest Accrual Period if the Specified Currency is sterling or (ii) the day falling two Business

Days in London prior to the first day of such Interest Accrual Period if the Specified Currency is neither sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

"**Interest Payment Date**" has the meaning given to it in Condition 4(c).

"**Interest Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

"**Interest Period Date**" means each Interest Payment Date unless otherwise specified hereon.

"**ISDA Definitions**" means the 2006 ISDA Definitions as amended or supplemented, as published by the International Swaps and Derivatives Association, Inc. unless otherwise specified hereon.

"**ISDA Determination**" has the meaning given to it in Condition 4(c).

"**ISDA Rate**" has the meaning given to it in Condition 4(c).

"**Margin**" has the meaning given to it in the relevant Final Terms or Pricing Supplement.

"**Mid-Swap Quotations**" means the arithmetic mean of the bid and offered rates:

(i) if the Specified Currency is sterling, for a semi-annual fixed leg (calculated on an Actual/365 day count basis) of a fixed for floating interest rate swap transaction in sterling which (i) has a term commencing on the relevant Reset Note Reset Date which is equal to that of the relevant Swap Rate Period; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; and (iii) has a floating leg based on the 6-month LIBOR rate (calculated on an Actual/365 day count basis), unless as otherwise specified hereon;

(ii) if the Specified Currency is euro, for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed for floating interest rate swap transaction in euro which (i) has a term commencing on the relevant Reset Note Reset Date which is equal to that of the relevant Swap Rate Period; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; and (iii) has a floating leg based on the 6-month EURIBOR rate (calculated on an Actual/360 day count basis), unless as otherwise specified hereon;

(iii) if the Specified Currency is US dollars, for the semi-annual fixed leg (calculated on a 30/360 day count basis) of a fixed for floating interest rate swap transaction in US dollars which (i) has a term commencing on the relevant Reset Note Reset Date which is equal to that of the relevant Swap Rate Period; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; and (iii) has a floating leg based on the 3-month LIBOR rate (calculated on an Actual/360 day count basis), unless as otherwise specified hereon; and

(iv) if the Specified Currency is not sterling, euro or US dollars, for the Fixed Leg (as set out hereon) of a fixed for floating interest rate swap transaction in that Specified Currency

which (i) has a term commencing on the relevant Reset Note Reset Date which is equal to that of the relevant Swap Rate Period; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; and (iii) has a Floating Leg (as set out hereon).

"**Mid-Swap Rate**" means in respect of a Reset Period, (i) the applicable semi-annual or annual (as specified hereon) mid-swap rate for swap transactions in the Specified Currency (with a maturity equal to that of the relevant Swap Rate Period specified hereon) as displayed on the Screen Page at 11.00 a.m. (in the principal financial centre of the Specified Currency) on the relevant Reset Determination Date or (ii) if such rate is not displayed on the Screen Page at such time and date, the relevant Reset Reference Bank Rate.

"**Modified Following Business Day Convention**" has the meaning given to it in Condition 4(c).

"**Preceding Business Day Convention**" has the meaning given to it in Condition 4(c).

"**Rate of Interest**" means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

"**Reference Banks**" means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market or in the case of a determination of EURIBOR, the principal Eurozone office of four major banks in the Eurozone inter-bank market, in each case selected by the Calculation Agent or as specified hereon.

"**Reference Rate**" means LIBOR or EURIBOR, in each case for the relevant period, as specified hereon.

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service as may be specified hereon.

"**Reset Determination Date**" means, in respect of a Reset Period, (a) each date specified as such hereon or, if none is so specified, (b) (i) if the Specified Currency is sterling, the first Business Day of such Reset Period, (ii) if the Specified Currency is euro, the day falling two TARGET Business Days prior to the first day of such Reset Period, (iii) if the Specified Currency is US dollars, the day falling two U.S. Government Securities Business Days prior to the first day of such Reset Period (iv) for any other Specified Currency, the day falling two Business Days in the principal financial centre for such Specified Currency prior to the first day of such Reset Period.

"**Reset Margin**" means the margin (expressed as a percentage) specified as such hereon.

In setting the Reset Margin the Issuer shall have consideration to the limitations set out in any Relevant Rules.

"**Reset Note Reset Date**" means every date which falls on each Anniversary Date as may be specified hereon.

"**Reset Period**" means the First Reset Period or a Subsequent Reset Period.

"**Reset Rate**" means (a) if "Mid-Swap Rate" is specified hereon, the relevant Mid-Swap Rate, (b) if "Benchmark Gilt Rate" is specified hereon, the relevant Benchmark Gilt Rate or (c) if "CMT Rate" is specified hereon, the relevant CMT Rate.

"**Reset Reference Bank Rate**" means the percentage rate determined on the basis of (a) if "Mid-Swap Rate" is specified hereon, the Mid-Swap Quotations provided by the Reset Reference Banks to the Calculation Agent at the request of the Issuer at or around 11:00 a.m. in the principal financial centre of the Specified Currency on the relevant Reset Determination Date or (b) if "CMT Rate" is specified hereon, the percentage rate determined by the Calculation Agent on the basis of the Reset United States Treasury Securities Quotations provided by the Reset Reference Banks to the Calculation Agent at the request of the Issuer at or around 4:30 p.m. (New York City time) on the relevant Reset Determination Date and, in either case, rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards). If at least four quotations are provided, the Reset Reference Bank Rate will be the rounded arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Reset Reference Bank Rate will be the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Bank Rate will be the rounded quotation provided. If no quotations are provided, the Reset Reference Bank Rate will be (i) in the case of each Reset Period other than the Reset Period commencing on the First Reset Note Reset Date, the relevant Mid-Swap Rate or CMT Rate (as applicable) in respect of the immediately preceding Reset Period or (ii) in the case of the Reset Period commencing on the First Reset Note Reset Date, the percentage rate specified hereon as the "First Reset Period Fallback".

"**Reset Reference Banks**" means (i) in the case of the calculation of a Reset Reference Bank Rate where "Mid-Swap Rate" is specified hereon, five leading swap dealers in the principal interbank market relating to the Specified Currency, (ii) in the case of the calculation of a Reset Reference Bank Rate where "CMT Rate" is specified hereon, five banks which are primary U.S. Treasury securities dealers or market makers in pricing corporate bond issues denominated in U.S. dollars in New York or (iii) in the case of a Benchmark Gilt Rate, five brokers of gilts and/or gilt-edged market makers, in each case, as selected by the Issuer in consultation with the Calculation Agent.

"**Reset United States Treasury Securities Quotation**" means, in relation to a Reset Period and the Reset Determination Date in relation to such Reset Period, the rate quoted by a Reset Reference Bank as being the yield-to-maturity based on the arithmetic mean of the secondary market bid price of such Reset Reference Bank for Reset United States Treasury Securities at approximately 4:30 p.m. (New York City time) on such Reset Determination Date.

"**Reset United States Treasury Securities**" means, on the relevant Reset Determination Date, United States Treasury Securities with an original maturity equal to the CMT Designated Maturity, a remaining term to maturity of no more than one year shorter than the CMT Designated Maturity and in a principal amount equal to an amount that is representative for a single transaction in such United States Treasury Securities in the New York City market. If two United States Treasury Securities have remaining terms to maturity equally close to the duration of the CMT Designated Maturity, the United States Treasury Security with the largest nominal amount outstanding will be used.

"**Screen Page**" means Reuters screen page "ICESWAP1", "ICESWAP2", "ICESWAP3", "ICESWAP4", "ICESWAP5" or "ICESWAP6" as specified hereon or such other page on Thomson Reuters as is specified hereon, or such other screen page as may replace it on Thomson Reuters or, as the case may be, on such other information service that may replace

Thomson Reuters, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying comparable rates.

"**Screen Rate Determination**" has the meaning given to it in Condition 4(c).

"**Specified Currency**" means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

"**Subsequent Reset Period**" means each successive period other than the First Reset Period from (and including) a Reset Note Reset Date to (but excluding) the next succeeding Reset Note Reset Date.

"**Subsequent Reset Rate of Interest**" means, in respect of any Subsequent Reset Period, the rate of interest being determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Reset Rate plus the Reset Margin (with such sum converted (if necessary) from a basis equivalent to the Benchmark Frequency to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes during the relevant Subsequent Reset Period (such calculation to be made by the Calculation Agent)).

"**Swap Rate Period**" means the period or periods specified as such hereon.

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System or any successor thereto.

"**United States Treasury Securities**" means securities that are direct obligations of the United States Treasury, issued other than on a discount rate basis.

"**U.S. Government Securities Business Day**" means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

(k) Calculation Agent

The Issuer shall procure that there shall at all times be one or more Calculation Agent(s) if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Trust Deed). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or Interest Accrual Period or to calculate any Interest Amount or to comply with any other requirement, the Issuer shall (with the prior approval of the Trustee) appoint a leading bank or investment banking firm engaged in the inter-bank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

(l) Benchmark Discontinuation

(i) Independent Adviser

If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original

Reference Rate, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to advise the Issuer in determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4(l)(ii)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 4(l)(iv)). In making such determination, the Issuer shall act in good faith. In the absence of bad faith or fraud, the Issuer shall have no liability whatsoever to the Trustee, the Paying Agents, the Noteholders or the Couponholders for any determination made by it, pursuant to this Condition 4(l).

If (i) the Issuer is unable to appoint an Independent Adviser or (ii) the Issuer fails to determine a Successor Rate or, failing which, an Alternative Rate, together with the applicable Adjustment Spread, in accordance with this Condition 4(l)(i) or Condition 4(l)(ii) prior to the relevant Interest Determination Date or Reset Determination Date (as applicable), the Rate of Interest applicable to the next succeeding Interest Period or Interest Accrual Period shall be determined in accordance with Condition 4(c) or the definitions of Benchmark Gilt Rate, Mid-Swap Rate and/or Reset Reference Bank Rate (as the case may be) and Condition 4(d). For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Period or Interest Accrual Period only and any subsequent Interest Periods or Interest Accrual Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 4(l)(i).

(ii) Successor Rate or Alternative Rate

If the Issuer, following consultation with the Independent Adviser, determines that:

(A) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the subsequent operation of this Condition 4(l)); or

(B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the subsequent operation of this Condition 4(l)).

(iii) Adjustment Spread

The applicable Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

(iv) Benchmark Amendments

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 4(l) and the Issuer, following consultation with the Independent Adviser, determines (i) that amendments to these Conditions, the Agency Agreement and/or the Trust Deed are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4(l)(v), without any requirement for the consent or approval of Noteholders, vary

these Conditions, the Agency Agreement and/or the Trust Deed to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee of a certificate signed by two Directors of the Issuer pursuant to Condition 4(l)(v), the Trustee shall (at the expense of the Issuer), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a deed supplemental to or amending the Trust Deed), provided that the Trustee shall not be obliged so to concur if in the opinion of the Trustee doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee in these Conditions or the Trust Deed (including, for the avoidance of doubt, any supplemental trust deed) in any way.

In connection with any such variation in accordance with this Condition 4(l)(iv), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

Notwithstanding any other provision of this Condition 4(l), no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as Tier 3 Capital.

(v) Notices, etc.

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 4(l) will be notified promptly by the Issuer to the Trustee, the Calculation Agent, the Paying Agents and, in accordance with Condition 16, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer:

(A) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate, (iii) the applicable Adjustment Spread and (iv) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 4(l); and

(B) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

The Trustee shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Trustee's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Calculation Agent, the Paying Agents and the Noteholders.

(vi) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under Condition 4(l) (i), (ii), (iii) and (iv), the Original Reference Rate and (where relevant) the provisions of Condition 4(c) or the definitions of Benchmark Gilt Rate, Mid-Swap Rate and/or Reset Reference Bank Rate (as the case may be) and Condition 4(d) will continue to apply (i) unless and until a Benchmark Event has occurred and (ii) if a Benchmark Event has occurred, unless and until the Trustee, the Agent and (in accordance with Condition 16) the Noteholders have been notified of the Successor Rate or Alternative Rate (as applicable), the applicable Adjustment Spread and any Benchmark Amendments determined pursuant to this Condition 4(l).

(vii) Definitions:

As used in this Condition 4(l):

"**Adjustment Spread**" means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

(A) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body or (if no such recommendation has been made, or in the case of an Alternative Rate);

(B) the Issuer, following consultation with the Independent Adviser, determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate or (if the Issuer determines that no such spread is customarily applied);

(C) the Issuer, following consultation with the Independent Adviser, determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or

(D) if the Issuer determines that no such industry standard is recognised or acknowledged, the Issuer, in its discretion, following consultation with the Independent Adviser and acting in good faith, determines to be appropriate.

"**Alternative Rate**" means an alternative benchmark or screen rate which the Issuer following consultation with the Independent Adviser determines in accordance with Condition 4(l)(ii) is customarily applied in debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes.

"**Benchmark Amendments**" has the meaning given to it in Condition 4(l)(iv).

"**Benchmark Event**" means:

(A) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist; or

(B) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

(C) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or

(D) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes; or

(E) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or

(F) it has become unlawful for any Paying Agent, the Calculation Agent or the Issuer to calculate any payments due to be made to any Noteholder using the Original Reference Rate;

provided that in the case of sub-paragraphs (B) and (C) above the Benchmark Event shall occur on the date of the cessation of publication of the Original Reference Rate or the date of the discontinuation of the Original Reference Rate, in the case of sub-paragraph (D) above, the Benchmark Event shall occur on the date of prohibition of use of the Original Reference Rate and in the case of sub-paragraph (E) above, the Benchmark Event shall occur on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, as the case may be, and not the date of the relevant public statement.

"**Independent Adviser**" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 4(l)(i).

"**Original Reference Rate**" means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes or any Successor Rate or Alternative Rate (or component part thereof) determined pursuant to this Condition 4(l).

"**Relevant Nominating Body**" means, in respect of a benchmark or screen rate (as applicable):

(A) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

(B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

"**Successor Rate**" means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

5 Deferral of Payments

(a) Mandatory Deferral of Interest

Payment of interest on the Notes by the Issuer will be mandatorily deferred on each Regulatory Deficiency Interest Deferral Date. The Issuer shall notify the Noteholders, the Paying Agents and the Trustee of any Regulatory Deficiency Interest Deferral Date in accordance with Condition 5(d) (provided that failure to make such notification shall not oblige the Issuer to make payment of such interest, or cause the same to become due and payable, on such date) and the Issuer shall not have any obligation to make such payment on that date.

A certificate signed by two Directors of the Issuer delivered to the Trustee confirming that (a) a Regulatory Deficiency Interest Deferral Event has occurred and is continuing, or would occur if payment of interest on the Notes were to be made or (b) a Regulatory Deficiency Interest Deferral Event has ceased to occur and/or payment of interest on the Notes would not result in a Regulatory Deficiency Interest Deferral Event occurring, may, in the absence of manifest error, be treated and accepted by the Trustee as correct and sufficient evidence thereof and shall if so treated and accepted be binding on the Issuer, the holders of the Notes and the Coupons relating to them and all other interested parties. The Trustee shall be entitled to rely absolutely on such certificate without liability to any person and without any obligation to verify or investigate the accuracy thereof.

Notwithstanding any other provision in these Conditions or in the Trust Deed, the deferral of any payment of interest on a Regulatory Deficiency Interest Deferral Date in accordance with this Condition 5(a) or in accordance with Condition 3(d) will not constitute a default by the Issuer and will not give Noteholders or the Trustee any right to accelerate repayment of the Notes.

(b) Arrears of Interest

Any interest in respect of the Notes not paid on an Interest Payment Date as a result of (i) the obligation on the Issuer to defer pursuant to Condition 5(a) or (ii) the operation of the Solvency Condition contained in Condition 3(d), together with any other interest in respect thereof not paid on an earlier Interest Payment Date shall, so long as the same remains unpaid, constitute "**Arrears of Interest**".

Arrears of Interest shall not themselves bear interest.

(c) Payment of Arrears of Interest by the Issuer

Any Arrears of Interest may (subject to Condition 3(d), the Relevant Rules and, if then required under the Relevant Rules, to satisfaction of the Regulatory Clearance Condition), be paid by the Issuer in whole or in part at any time upon the expiry of not less than 14 days' notice to such effect given by the Issuer to the Trustee, the Paying Agents and the Noteholders in accordance with Condition 16, and in any event will become due and payable by the Issuer (subject, in the case of (i) and (iii) below, to Condition 3(d) and, if then required under the Relevant Rules, to satisfaction of the Regulatory Clearance Condition) in whole (and not in part) upon the earliest of the following dates:

(i) the next Interest Payment Date which is not a Regulatory Deficiency Interest Deferral Date (as evidenced by delivery of the certificate referred to in Condition 5(a)); or

(ii) the date on which an Issuer Winding-Up occurs; or

(iii) the date fixed for any redemption or purchase of Notes by the Issuer pursuant to Condition 6 (subject to any deferral of such redemption date pursuant to the Solvency Condition or Condition 6(b)) or Condition 10.

If either of the events set out in Conditions 5(c)(i) or (iii) occurs the Issuer promptly shall give notice to the Trustee, the Issuing and Paying Agent and the Noteholders in accordance with Condition 16.

(d) Notice of Deferral

The Issuer shall notify the Trustee, the Paying Agents and the Noteholders in writing in accordance with Condition 16 not less than five Business Days prior to an Interest Payment Date:

(i) if that Interest Payment Date is a Regulatory Deficiency Interest Deferral Date and specifying that interest will not be paid because a Regulatory Deficiency Interest Deferral Event has occurred and is continuing or would occur if payment of interest was made on such Interest Payment Date, provided that if a Regulatory Deficiency Interest Deferral Event occurs or is determined to occur (or if a determination that a Regulatory Deficiency Interest Deferral Event would occur if the relevant interest payment were to be made is made) less than five Business Days prior to an Interest Payment Date, the Issuer shall give notice of the interest deferral in accordance with Condition 16 as soon as reasonably practicable following the occurrence of such event (and, in either case, such notice shall specify that interest will not be paid because a Regulatory Deficiency Interest Deferral Event has occurred and is continuing or would occur if payment of interest were made on such Interest Payment Date); or

(ii) if payment of any interest will not become due on such Interest Payment Date as a result of a failure to satisfy the Solvency Condition, provided that if the circumstances resulting in non-satisfaction of the Solvency Condition occur, or are determined to occur, less than five Business Days prior to an Interest Payment Date, the Issuer shall give notice of the interest deferral in accordance with Condition 16 as soon as reasonably practicable following the occurrence of such event (and in either case such notice shall specify that interest will not be paid as a result of non-satisfaction of the Solvency Condition).

6 Redemption, Substitution, Variation, Purchase and Options

(a) Redemption at Maturity

Subject to Conditions 3(d), 6(b) and 6(i), unless previously redeemed or purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided hereon, is its principal amount), together with any interest accrued to (but excluding) the date of redemption in accordance with these Conditions and any Arrears of Interest.

(b) Deferral of redemption date

(i) No Notes shall be redeemed on the Maturity Date pursuant to Condition 6(a) or redeemed prior to the Maturity Date pursuant to Condition 6(c), 6(d), 6(e) or 6(f) or purchased pursuant to Condition 6(g) if a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or would occur if redemption or purchase were made on the Maturity Date or, if Condition 6(c), 6(d), 6(e) or 6(f) applies, any date specified for redemption in accordance with such Conditions or, if Condition 6(g) applies, the date of such purchase.

(ii) If the Notes are not to be redeemed on the Maturity Date pursuant to Condition 6(a) or on any redemption date pursuant to Condition 6(c), 6(d), 6(e) or 6(f) (as applicable) as a result of circumstances where:

(A) a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or would occur if the Notes were redeemed on such date;

(B) the Solvency Condition would not be satisfied on such date or immediately after the redemption; or

(C) the Regulatory Clearance Condition is not satisfied (to the extent then required under the Relevant Rules) in relation to such redemption; and/or

(D) such redemption otherwise cannot be effected in compliance with the Relevant Rules on such date,

the Issuer shall notify the Trustee and the Issuing and Paying Agent in writing and notify the Noteholders in accordance with Condition 16 no later than five Business Days prior to the Maturity Date or the date specified for redemption in accordance with Condition 6(c), 6(d), 6(e) or 6(f), as applicable, (or as soon as reasonably practicable if the relevant circumstance requiring redemption to be deferred arises, or is determined, less than five Business Days prior to the relevant redemption date).

Failure to make any such notification shall not cause the Notes to become due and payable on such date and the Issuer shall not have any obligation to redeem the Notes (or make any redemption payment in respect of the Notes) on that date.

(iii) If redemption of the Notes does not occur on the Maturity Date or, as appropriate, the date specified in the notice of redemption by the Issuer under Condition 6(c), 6(d), 6(e) or 6(f) as a result of Condition 6(b)(i) above or Condition 6(i) below, subject (in the case of (A) and (B) only) to Condition 3(d) and to the Regulatory Clearance Condition (if then applicable in accordance with the Relevant Rules) and to such redemption being otherwise permitted under the Relevant Rules, such Notes shall be redeemed at their Final Redemption Amount (which, unless otherwise provided hereon, shall be their principal amount) or, as applicable, the relevant price specified in Condition 6(c), (d), (e) or (f) together with accrued and unpaid interest to (but excluding) the date fixed for redemption and any Arrears of Interest, upon the earliest of:

(A) in the case of a failure to redeem due to the operation of Condition 6(b)(i) only, the date falling 10 Business Days after the date the Regulatory Deficiency Redemption Deferral Event has ceased (unless, on such tenth Business Day, a further Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or redemption of the Notes on such date would result in a Regulatory Deficiency Redemption Deferral Event occurring, in which case the provisions of this Condition 6(b) shall apply mutatis mutandis to determine the due date for redemption of the Notes); or

(B) the date falling 10 Business Days after the relevant regulatory approval for the repayment or redemption of the Notes (where such approval is required under the Relevant Rules) is received; or

(C) the date on which an Issuer Winding-Up occurs.

(iv) If on any date Condition 6(b)(i) does not apply, but redemption of the Notes does not occur on the Maturity Date or, as appropriate, the date specified in the notice of redemption by the Issuer under Condition 6(c), (d), (e) or (f) as a result of the non-satisfaction of the Solvency Condition, subject to Condition 6(i), such Notes shall be redeemed at their Final Redemption Amount (which, unless otherwise provided hereon, shall be their principal amount) or, as applicable, the relevant price specified in Condition 6(c), (d), (e) or (f) together with accrued but unpaid interest and any Arrears of Interest on the tenth Business Day immediately following the day that (A) the Issuer is solvent for the purposes of Condition 3(d) and (B) that redemption of the

Notes would not result in the Issuer ceasing to be solvent for the purposes of Condition 3(d), provided that if on such Business Day specified for redemption a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing, or would occur if the Notes were to be redeemed then the Notes shall not be redeemed on such date and Conditions 3(d) and 6(b)(iii) shall apply, mutatis mutandis, to determine the date of the redemption of the Notes.

(v) In addition to any certificate given pursuant to Condition 3(d) in relation to the satisfaction or otherwise of the Solvency Condition, a certificate signed by two Directors of the Issuer delivered to the Trustee confirming that (A) a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing, or would occur if redemption of the Notes were to be made or (B) a Regulatory Deficiency Redemption Deferral Event has ceased to occur and/or redemption of the Notes would not result in a Regulatory Deficiency Redemption Deferral Event occurring or (C) that any circumstance described in Condition 6(b)(ii)(B) or (C) applies, may (in the absence of manifest error) be treated and accepted by the Trustee as correct and sufficient evidence thereof and shall if so treated and accepted be binding on the Noteholders, the Couponholders and all other interested parties. The Trustee shall be entitled to rely absolutely on such certificate without liability to any person and without any obligation to verify or investigate the accuracy thereof.

(vi) In circumstances where redemption of the Notes has been deferred, the Issuer shall, as soon as reasonably practicable following its determination of the new scheduled redemption date in accordance with this Condition 6(b), give notice to the Trustee and to the Noteholders in accordance with Condition 16 of the new scheduled redemption date (but this shall be without prejudice to further deferral of redemption on such date in the circumstances required by these Conditions).

(vii) Notwithstanding any other provision in these Conditions or in the Trust Deed, the deferral of redemption of the Notes in accordance with Condition 3(d) or this Condition 6(b) will not constitute a default by the Issuer and will not give Noteholders or the Trustee any right to accelerate the Notes or take any enforcement action under the Notes or the Trust Deed.

(c) Redemption at the Option of the Issuer

Unless the Issuer shall have given notice to redeem the Notes under Condition 6(d), 6(e) or 6(f) on or prior to the expiration of the notice referred to below, and if "Call Option" is specified hereon, the Issuer may at its option, subject to Conditions 3(d), 6(b) and 6(i) and having given not less than 30 nor more than 60 days' notice (or such other notice period as may be specified hereon) to the Trustee, the Issuing and Paying Agent, the Registrar and, in accordance with Condition 16, the Noteholders (which notice shall specify the date set for redemption and shall, subject as aforesaid, be irrevocable) redeem all (but not some only) of the Notes on any Optional Redemption Date specified hereon.

Any such redemption of Notes shall be at their Optional Redemption Amount (as may be provided for hereon) together with any accrued and unpaid interest to (but excluding) the date fixed for redemption in accordance with these Conditions and any Arrears of Interest.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 6(c).

(d) Redemption, Substitution or Variation at the Option of the Issuer for Taxation Reasons

Subject to Conditions 3(d), 6(b) and 6(i), if the Issuer satisfies the Trustee immediately before the giving of the notice referred to below that:

(i) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction, or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective on or after the Issue Date or, if any further Tranche(s) of the Notes has or have been issued pursuant to Condition 15 and consolidated to form a single series with the Notes, the issue date of the last Tranche of the relevant Series (a) on the next Interest Payment Date, the Issuer will or would be required to pay Additional Amounts; or (b) the Issuer would not be able to claim a deduction from taxable profits for corporation tax purposes for or in respect of interest payable on the Notes (or for a material part of such interest) in the United Kingdom; or (c) the Issuer suffers or would suffer any other material adverse tax consequence in connection with the Notes in a Relevant Jurisdiction; (each of the events referred to in this Condition 6(d)(i) being referred to in these Conditions as a "**Tax Event**"); and

(ii) the effect of the foregoing cannot be avoided by the Issuer taking reasonable measures available to it,

the Issuer may at its option (without any requirement for the consent or approval of the Noteholders) and having given not less than 30 nor more than 60 days' notice to the Trustee, the Issuing and Paying Agent, the Registrar and, in accordance with Condition 16, the Noteholders (which notice shall specify the date set for redemption and shall, subject as aforesaid, be irrevocable) either:

(A) redeem all (but not some only) of the Notes, at any time or, if and for so long as the Note is a Floating Rate Note, on any Interest Payment Date, at their Special Redemption Price (which, unless otherwise specified hereon, shall be their principal amount) together with any Arrears of Interest and any other accrued and unpaid interest to (but excluding) the date of redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which (x) with respect to Condition 6(d)(i)(a) above, the Issuer would be obliged to pay such additional amounts; (y) with respect to Condition 6(d)(i)(b) above, the Issuer would not be able to claim a deduction from taxable profits for corporation tax purposes for or in respect of interest payable on the Notes (or a material part of it would not be so deductible) in the United Kingdom, as referred to in Condition 6(d)(i)(b) above; or (z) with respect to Condition 6(d)(i)(c) above, the relevant adverse tax consequence would arise or be suffered, in each case were a payment in respect of the Notes then due; or

(B) substitute at any time all (but not some only) of the Notes for, or vary at any time the terms of the Notes so that they become or remain, Qualifying Securities, and the Trustee shall (subject to the receipt by it of the certificates of the Directors referred to in Condition 6(i)(i) below and in the definition of "Qualifying Securities") agree to such substitution or variation.

Subject as aforesaid, upon expiry of such notice the Issuer shall either redeem, vary or substitute the Notes, as the case may be.

(e) Redemption, Substitution or Variation at the Option of the Issuer due to Capital Disqualification Event

Subject to Conditions 3(d), 6(b) and 6(i), if a Capital Disqualification Event has occurred and is continuing, then the Issuer may at its option, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 16, the Trustee, the Issuing and Paying Agent

and the Registrar, which notice shall specify the date set for redemption and shall (subject as aforesaid) be irrevocable, either:

(i) redeem all (but not some only) of the Notes, at any time or, if and for so long as the Note is a Floating Rate Note, on any Interest Payment Date, at their Special Redemption Price (which, unless otherwise specified hereon, shall be their principal amount) together with any Arrears of Interest and any other accrued and unpaid interest to (but excluding) the date of redemption; or

(ii) substitute at any time all (but not some only) of the Notes for, or vary the terms of the Notes so that they become or remain Qualifying Securities and the Trustee shall (subject to the receipt by it of the certificates of the Directors referred to in Condition 6(i)(i) below and in the definition of "Qualifying Securities") agree to such substitution or variation,

provided, however, that no such notice of redemption, substitution or variation shall be given more than 12 months following the occurrence of the relevant Capital Disqualification Event.

Subject as aforesaid, upon expiry of such notice the Issuer shall either redeem, vary or substitute the Notes, as the case may be.

(f) Redemption, Substitution or Variation at the Option of the Issuer for Rating Reasons

Subject to Conditions 3(d), 6(b) and 6(i), if "Ratings Methodology Call" is specified as being applicable hereon and a Ratings Methodology Event has occurred and is continuing, or the Issuer satisfies the Trustee that, as a result of any change in, or amendment to, or any change in the application of, any applicable methodology of the Rating Agency, a Ratings Methodology Event will occur within a period of six months, then the Issuer may at its option, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 16, the Trustee, the Issuing and Paying Agent and the Registrar, which notice shall specify the date set for redemption and shall (subject as aforesaid) be irrevocable, either:

(i) redeem all (but not some only) of the Notes, at any time or, if and for so long as the Note is a Floating Rate Note, on any Interest Payment Date, at their Special Redemption Price (which, unless otherwise specified hereon, shall be their principal amount), together with any Arrears of Interest and any other accrued and unpaid interest to (but excluding) the date of redemption; or

(ii) substitute at any time all (but not some only) of the Notes for, or vary the terms of the Notes so that they become or remain Rating Agency Compliant Securities, and the Trustee shall (subject to the receipt by it of the certificates of the Directors referred to in Condition 6(i)(i) below and in the definition of "Rating Agency Compliant Securities") agree to such substitution or variation,

provided, however, that no such notice of redemption, substitution or variation shall be given more than 12 months following the occurrence of the relevant Ratings Methodology Event.

Subject as aforesaid, upon expiry of such notice the Issuer shall either redeem, vary or substitute the Notes, as the case may be.

(g) Purchases

Subject to Conditions 3(d), 6(b) and 6(i), the Issuer and any of the Issuer's Subsidiaries may at any time purchase Notes (provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in any manner and at any price.

(h) Cancellation

All Notes purchased by or on behalf of the Issuer or any Subsidiary of the Issuer may be held, reissued, resold or surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so redeemed or surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes and Coupons shall be discharged.

(i) Pre-conditions to Redemption, Substitution, Variation or Purchase

(i) Prior to the publication of any notice of redemption, variation or substitution pursuant to Condition 6(d), 6(e) or 6(f), the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer stating that:

(A) a Tax Event will have occurred and be continuing on the next Interest Payment Date and cannot be avoided by the Issuer taking reasonable measures available to it; or

(B) a Capital Disqualification Event has occurred and is continuing as at the date of the certificate; or

(C) a Ratings Methodology Event has occurred and is continuing as at the date of the certificate.

In the case of (A) above, the Issuer shall also deliver to the Trustee an opinion from a nationally recognised law firm or other tax adviser in the applicable Relevant Jurisdiction experienced in such matters to the effect that the relevant Tax Event will have occurred and be continuing on the next Interest Payment Date.

The Trustee shall be entitled to accept such certificate and (in the case of (A) above) opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event they shall be conclusive and binding on the Issuer, the Trustee, the Noteholders, the Couponholders and all other interested parties. The Trustee shall be entitled to rely absolutely on such certificate and (in the case of (A) above) opinion without liability to any person and without any obligation to verify or investigate the accuracy thereof.

(ii) The Issuer may not redeem, purchase, substitute or vary any Notes unless the following conditions are satisfied:

(A) the Issuer and the Insurance Group being in continued compliance with the Regulatory Capital Requirements (if any) applicable to them;

(B) the Issuer having complied with the Regulatory Clearance Condition;

(C) (to the extent then required under the Relevant Rules or by the PRA) in the case of any redemption or purchase of the Notes prior to the Capital Replacement End Date (being the fifth anniversary of the Issue Date or, if any further Tranche(s) of the Notes has or have been issued pursuant to Condition 15 and consolidated to form a single series with the Notes, the issue date of the last Tranche of the relevant Series or, in either case, such later date otherwise specified hereon), either

1. in the case of any redemption pursuant to Condition 6(d) or 6(e), the PRA being satisfied that the Solvency Capital Requirement will be exceeded by an appropriate margin immediately after such redemption or purchase (taking into account the solvency position of the Issuer and the Insurance Group, including by reference to the Issuer's and the Insurance Group's medium-term capital management plans); or

2. in the case of any redemption or purchase, such redemption or purchase being funded (to the extent then required by the PRA pursuant to the Relevant Rules) out of the proceeds of a new issuance of or the Notes being exchanged into, own funds of the same or higher quality than the Notes (being capital with the necessary features of Tier 3 Capital) or a better quality form of regulatory capital and being otherwise permitted under the Relevant Rules;

(D) (to the extent then required under the Relevant Rules or by the PRA) in the case of any redemption or purchase of the Notes prior to the Capital Replacement End Date (being the fifth anniversary of the Issue Date or, if any further Tranche(s) of the Notes has or have been issued pursuant to Condition 15 and consolidated to form a single series with the Notes, the issue date of the last Tranche of the relevant Series or, in either case, such later date otherwise specified hereon)

1. in the case of any such redemption following the occurrence of a Tax Event, the Issuer having demonstrated to the satisfaction of the PRA that the applicable change in tax treatment is material; or

2. in the case of any such redemption following the occurrence of a Capital Disqualification Event, the PRA considering that the relevant change in the regulatory classification of the Notes is sufficiently certain; and

3. in either case, the Issuer having demonstrated to the satisfaction of the PRA that such change was not reasonably foreseeable as at the Issue Date (or, if any further tranche(s) of the Notes has or have been issued pursuant to Condition 15 and consolidated to form a single series with the Notes, the issue date of the last tranche of the Notes); and

(E) compliance with any other applicable requirements of the Relevant Rules regarding redemption, purchase, substitution or variation (as the case may be) of the Notes.

Notwithstanding the above conditions, if, at the time of any redemption, substitution, variation or purchase, the prevailing Relevant Rules permit the repayment, substitution, variation or purchase only after compliance with one or more alternative or additional pre-conditions to those set out above in this Condition 6(i), the Issuer shall comply with such other and/or, as appropriate, additional pre-condition(s).

The Trustee shall be entitled to accept a certificate from any two Directors of the Issuer to the Trustee confirming whether or not any such compliance is required by the Relevant Rules and, if so, confirming compliance with the relevant requirements shall if so accepted by the Trustee be conclusive and binding on the Issuer, the Noteholders, the Couponholders and all other interested parties. The Trustee shall be entitled to accept such certificate as sufficient evidence of such compliance and shall be entitled to rely absolutely on such certificate without liability to any person and without any obligation to verify or investigate the accuracy thereof.

(j) Trustee role on redemption, variation or substitution; Trustee not obliged to monitor

(i) Subject to Condition 6(i), the Trustee shall (at the expense of the Issuer) use its reasonable endeavours to co-operate with the Issuer (including, but not limited to, entering into such documents or deeds as may be necessary) to give effect to the substitution or variation of the Notes for or into Qualifying Securities or Rating Agency Compliant Securities (as applicable) pursuant to this Condition 6, provided that the Trustee shall not be obliged to co-operate in any such substitution or variation if the securities resulting from such substitution or variation, or the co-operation in such substitution or variation, imposes, in the Trustee's opinion, more onerous obligations upon it or exposes it to liabilities or reduces its protections, in each case as compared with the corresponding obligations, liabilities or, as appropriate, protections under the Notes. If the Trustee does not so co-operate as provided above, the Issuer may, subject as provided above, redeem the Notes as provided in this Condition 6.

(ii) The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists for the purposes of this Condition 6 and will not be responsible to Noteholders or the Couponholders for any loss arising from any failure by it to do so. Unless and until the Trustee has express notice pursuant to these Conditions or the Trust Deed of the occurrence of any event or circumstance to which this Condition 6 relates, it shall be entitled to assume that no such event or circumstance exists or has arisen.

(k) Compliance with stock exchange rules

In connection with any substitution or variation of the Notes in accordance with this Condition 6, the Issuer shall comply with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or admitted to trading.

7 Payments and Talons

(a) Bearer Notes

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Notes (in the case of all payments of principal and, in the case of interest, as specified in Condition 7(f)(v)) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii)), as the case may be, at the specified office of any Paying Agent outside the U.S. by transfer to an account denominated in such currency with, a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

(b) Registered Notes

(i) Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 7(b)(ii) below.

(ii) Interest on Registered Notes shall be paid to the person shown on the Register (i) where all or any of the Registered Notes are represented by a Global Certificate, at the close of the business day (being for this purpose a day on which Euroclear and/or Clearstream, Luxembourg, as applicable, are open for business) before the due date for payment thereof, and (ii) where none of the Registered Notes is represented by a Global Certificate at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Registered Note shall be made in the relevant currency and to the holder (or to the first

named of joint holders) of such Note by transfer to an account in the relevant currency maintained by the payee with a bank.

(c) Payments in the U.S.

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the U.S. with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by U.S. law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(d) Payments subject to Fiscal Laws

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto.

(e) Appointment of Agents

The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer (for all purposes other than ISDA Determination for Floating Rate Notes, where the Calculation Agent will be specified in the Final Terms or Pricing Supplement, as applicable) and their respective specified offices are listed above. Subject as provided in the Agency Agreement, the Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents, Calculation Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, and (v) a Paying Agent.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in Condition 7(c).

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified hereon.

(f) Unmatured Coupons and unexchanged Talons

(i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes (other than any Fixed Rate Notes where the total value of the unmatured coupons appertaining thereto exceeds the nominal amount of such Note) such Notes should be surrendered for payment together with all unmatured Coupons (if any) relating thereto, failing which an amount equal to

the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Optional Redemption Amount or Special Redemption Price as the case may be and as may be provided for hereon, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

(ii) Upon the due date for redemption of any Bearer Note comprising a Fixed to Floating Rate Note, a Fixed Rate Reset Note or a Floating Rate Note or (where the total value of the unmatured coupons exceeds the nominal amount of such Note) a Fixed Rate Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Where any Bearer Note that provides that the relevant unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(v) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) Talons

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(h) Non-Business Days

If any date for payment in respect of any Note or Coupon is not a Business Day, the holder shall not be entitled to payment until the next following Business Day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "**Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "Additional Financial Centres" hereon and:

(i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign

exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or

(ii) (in the case of a payment in euro) which is a TARGET Business Day.

8 Taxation

All payments of principal, interest and Arrears of Interest by or on behalf of the Issuer in respect of the Notes and the Coupons shall be made free and clear of, and without withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by a Relevant Jurisdiction, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts in relation to interest and Arrears of Interest (but not principal) as shall result in receipt by the Noteholders and Couponholders of such amounts as would have been received by them in respect of payments of interest and Arrears of Interest had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note or Coupon:

(a) ***Other connection:*** presented for payment by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with the Relevant Jurisdiction other than the mere holding of the Note or Coupon; or

(b) ***Lawful avoidance of withholding:*** presented for payment by, or by a third party on behalf of, a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Note (or the Certificate representing it) or Coupon is presented for payment; or

(c) ***Presentation more than 30 days after the Relevant Date:*** presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth day after the Relevant Date; or

(d) ***Any combination:*** where such withholding or deduction arises out of any combination of paragraphs (a) to (c) above.

As used in these Conditions, "**Relevant Date**" in respect of any Note or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relevant Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

References in these Conditions to (i) "**principal**" shall be deemed to include any premium payable in respect of the Notes, Final Redemption Amount, Optional Redemption Amount or Special Redemption Price and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and any additional amounts that may be payable under this Condition 8 or under any undertakings given in addition to, or in substitution for, it pursuant to the Trust Deed ("**Additional Amounts**").

9 Prescription

Claims against the Issuer for payment in respect of principal, interest and Arrears of Interest payable on the Notes and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest or Arrears of Interest) from the appropriate Relevant Date in respect of them.

10 Enforcement

(a) Rights to institute and/or prove in a winding-up

Unless an Issuer Winding-Up has occurred, no amount shall be due from the Issuer in those circumstances where payment of such amount could not be made in compliance with the Solvency Condition or is deferred in accordance with Condition 5(a), 6(b) or 6(i).

If default is made by the Issuer for a period of 14 days or more in the payment of any amount due in respect of the Notes or any of them, subject to Conditions 3(d), 5(a), 6(b) or 6(i), the Trustee at its discretion may, and if so requested by Noteholders of at least one-fifth in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (but in each case subject to it having been indemnified and/or secured and/or pre-funded to its satisfaction) institute proceedings for the winding-up of the Issuer.

In the event of an Issuer Winding-Up (whether or not instituted by the Trustee pursuant to the foregoing), the Trustee in its discretion may, and if so requested by Noteholders of at least one-fifth in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (but in each case subject to it having been indemnified and/or secured and/or pre-funded to its satisfaction), prove and/or claim in such Issuer Winding-Up, such claim being for the Final Redemption Amount, together with any Arrears of Interest and any other unpaid interest, with such claim subordinated as contemplated in Condition 3(b) but may take no further or other action to enforce, prove or claim for any payment by the Issuer in respect of the Notes, the Coupons or the Trust Deed.

(b) Enforcement

Without prejudice to Condition 10(a), the Trustee may at its discretion and without further notice institute such proceedings or take such steps or actions against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Trust Deed, the Notes or the Coupons (other than any payment obligation of the Issuer under or arising from the Notes, the Coupons or the Trust Deed, including any payment of damages awarded for breach of any obligations thereunder) but in no event shall the Issuer, by virtue of the institution of any such proceedings or the taking of such steps or actions, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it. Nothing in this Condition 10(b) shall, however, prevent the Trustee, the Noteholders or the Couponholders from pursuing the remedies to which they are entitled pursuant to Condition 10(a).

(c) Entitlement of Trustee

The Trustee shall not be bound to take any of the actions referred to in Condition 10(a) or 10(b) above against the Issuer to enforce the terms of the Trust Deed, the Notes or the Coupons or any other action under or pursuant to the Trust Deed unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or requested in writing by the holders of at least one fifth in principal amount of the Notes then outstanding and (b) it shall have been indemnified and/or secured and/or pre funded to its satisfaction.

(d) Right of Noteholders and Couponholders

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer or to institute proceedings for the winding-up or claim in the liquidation of the Issuer or to prove in such winding-up unless the Trustee, having become so bound to proceed or being able to prove in such winding-up or claim in such liquidation, fails to do so within a reasonable period and such failure shall be continuing, in which case the Noteholders and the Couponholders shall have only such rights against the Issuer as those which the Trustee is entitled to exercise as set out in this Condition 10.

(e) Extent of Noteholders and Couponholders' remedies

No remedy against the Issuer, other than as referred to in this Condition 10, shall be available to the Trustee, the Noteholders or the Couponholders, whether for the recovery of amounts owing in respect of the Notes, the Coupons or under the Trust Deed or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Notes or the Coupons or under the Trust Deed.

Nothing in the Trust Deed or these Conditions shall affect or prejudice the payment of the costs, fees, charges, expenses, liabilities or remuneration of the Trustee under the Trust Deed or the rights and remedies of the Trustee in respect thereof.

11 Meetings of Noteholders, Modification, Waiver and Substitution

(a) Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution (as defined in the Trust Deed) of any of these Conditions or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer, the Trustee or Noteholders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding. The quorum at any meeting convened to consider an Extraordinary Resolution shall be one or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons holding or representing Noteholders whatever the principal amount of the Notes held or represented, except that, at any meeting the business of which falls within the proviso to paragraph 2 of Schedule 3 to the Trust Deed, the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, of the principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Trust Deed also provides that a written resolution executed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes outstanding or consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of holders of not less than 75 per cent. in principal amount of the Notes outstanding who would have been entitled to vote upon it if it had been proposed at a meeting at which they were present shall take effect as if it were an Extraordinary Resolution. A resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

The agreement or approval of the Noteholders shall not be required in the case of any variation of these Conditions and/or the Trust Deed required to be made in connection with the substitution or variation of the Notes pursuant to Condition 6(d), 6(e) or 6(f) or any consequential amendments to

these Conditions and/or the Trust Deed approved by the Trustee in connection with a substitution of the Issuer.

(b) Modification of the Trust Deed

In addition to the requirements of Conditions 6(d), 6(e), 6(f) and 12, the Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed: (i) which is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders or (ii) which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error. For the avoidance of doubt, such power shall not extend to any such modification as mentioned in the proviso to paragraph 2 of Schedule 3 to the Trust Deed unless required for the substitution or variation of the Notes pursuant to Condition 6(d), 6(e), 6(f) or any consequential amendments to these Conditions and/or the Trust Deed approved by the Trustee in connection with a substitution of the Issuer.

The agreement or approval of the Noteholders shall not be required in the case of any Benchmark Amendments required by the Issuer pursuant to Condition 4(l).

(c) Trustee to have regard to interests of Noteholders as a class

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution of obligor), the Trustee shall have regard to the general interests of the Noteholders and Couponholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders except to the extent provided for in Condition 8 and/or any undertaking given in addition to, or in substitution for, Condition 8 pursuant to the Trust Deed.

(d) Notification to the Noteholders

Any modification, abrogation, waiver, authorisation, determination or substitution pursuant to this Condition 11 shall be binding on the Noteholders and the Couponholders and, unless the Trustee agrees otherwise, shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 16.

(e) Notice to the PRA

No modification to these Conditions or any other provisions of the Trust Deed shall become effective unless the Issuer shall have first satisfied the Regulatory Clearance Condition.

12 Substitution

(a) Discretion to agree to substitution

The Trust Deed contains provisions permitting the Trustee to agree, subject to (a) such substitution not being, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders, (b)

certain additional conditions set out in the Trust Deed being satisfied (including no negative rating event with respect to the Notes) and (c) such amendment of these Conditions, the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or Couponholders:

(i) to the substitution of a successor in business of the Issuer in place of the Issuer or any previous substitute under this Condition 12 as principal debtor under the Trust Deed and the Notes; or

(ii) to the substitution of the Insurance Group Parent Entity in place of the Issuer or any previous substitute under this Condition 12 as principal debtor under the Trust Deed and the Notes; or

(iii) (subject to the Notes being unconditionally and irrevocably guaranteed on a subordinated basis by the Issuer), to the substitution of a Subsidiary or parent company of the Issuer or its successor in business in place of the Issuer or any previous substitute under this Condition 12 as principal debtor under the Trust Deed and the Notes,

any such substitute being a "**Substituted Obligor**".

Any such substitution shall be subject to the Issuer having complied with the Regulatory Clearance Condition.

(b) Change of law

In the case of any substitution pursuant to this Condition 12, the Trustee may agree, without the consent of the Noteholders, to a change of the law governing the Notes and/or the Trust Deed, provided that such change or the substitution would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

(c) Notice to Noteholders

The Issuer will give notice of any substitution pursuant to this Condition 12 to Noteholders in accordance with Condition 16 as soon as reasonably practicable following such substitution.

13 Indemnification of the Trustee and its Contracting with the Issuer

(a) Indemnification and protection of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility and liability towards the Issuer, the Noteholders and the Couponholders, including (i) provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction and (ii) provisions limiting or excluding its liability in certain circumstances. The Trust Deed provides that, when determining whether an indemnity or any security or pre-funding is satisfactory to it, the Trustee shall be entitled (i) to evaluate its risk in any given circumstance by considering the worst-case scenario and (ii) to require that any indemnity or security given to it by the Noteholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.

(b) Trustee contracting with the Issuer

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (i) to enter into business transactions with the Issuer and/or any of the Issuer's Subsidiaries and/or any Substituted Obligor and to act as trustee for the holders of any other securities issued or guaranteed by, or relating

to, the Issuer and/or any of the Issuer's Subsidiaries and/or any Substituted Obligor, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders, and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

(c) Reports and certificates

The Trust Deed provides that the Trustee may rely and act upon the advice, opinion or report of or any information obtained from any lawyer, valuer, accountant (including the auditors of the Issuer), surveyor, banker, broker, auctioneer, or other expert (whether obtained by the Issuer, the Trustee or otherwise, whether or not addressed to the Trustee, and whether or not the advice, opinion, report or information, or any engagement letter or other related document, contains a monetary or other limit on liability or limits the scope and/or basis of such advice, opinion, report or information). The Trustee may also rely and act upon certificates and/or information addressed to it from, or delivered by, the Issuer, any Substituted Obligor or any one or more Directors of the Issuer or any Substituted Obligor or any of their respective auditors, liquidators, administrators or other insolvency officials. The Trustee will not be responsible to anyone for any liability occasioned by so relying and acting. Any such advice, opinion, information or certificate may be sent or obtained by letter, email, electronic communication or fax and the Trustee shall not be liable for acting in good faith on any advice, opinion, information or certificate purporting to be conveyed by such means even if it contains an error or is not authentic.

14 Replacement of Notes, Certificates, Coupons and Talons

If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent. as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

15 Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the amount and date of the first payment of interest on them and the date from which interest starts to accrue) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any Series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Issue Date shall be to the Issue Date of the first Tranche of Notes of any Series. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition 15 and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any Series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may

(with the consent of the Trustee), be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other Series where the Trustee so decides.

16 Notices

Notices to the holders of Registered Notes shall be valid if mailed to them at their respective addresses in the Register and deemed to be given on the fourth weekday (being a day other than a Saturday or Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*). The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or any other relevant authority on which the Notes are for the time being listed. If in the opinion of the Trustee any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above. The Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders if, in its sole opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchange on which the relevant Notes are then admitted to trading and provided that notice of such other method is given to the Noteholders in such manner as the Trustee shall require.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition 16.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Issuing and Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes).

17 Contracts (Rights of Third Parties) Act 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term or condition of the Notes, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

18 Definitions

As used herein:

"**Additional Amount**" has the meaning given to it in Condition 8;

"**Additional Financial Centres**" has the meaning given to it in the relevant Final Terms or Pricing Supplement;

"**Agency Agreement**" has the meaning given in the preamble to these Conditions;

"**Arrears of Interest**" has the meaning given to it in Condition 5(b);

"**Assets**" means the unconsolidated gross assets of the Issuer as shown in the latest published audited balance sheet of the Issuer but adjusted for contingencies and subsequent events, all in such manner as the Directors may determine;

"**Bearer Notes**" has the meaning given to it in Condition 1;

"**Calculation Agent(s)**" has the meaning given in the preamble to the Conditions or, in the case of Condition 4(c)(iii)(A), as defined therein;

"**Call Option**" has the meaning given to it in the relevant Final Terms or Pricing Supplement;

a "**Capital Disqualification Event**" shall be deemed to have occurred if, at any time, as a result of any change to the Relevant Rules (or change to the interpretation of the Relevant Rules by any court or authority entitled to do so) the whole or any part of the principal amount of the Notes is no longer capable of counting as Tier 3 Capital for the purposes of (i) the Issuer on a solo, group or consolidated basis or (ii) the Insurance Group on a group or consolidated basis, except where such non-qualification is only as a result of any applicable limitation on the amount of such capital (other than a limitation derived from any transitional or grandfathering provisions under the Relevant Rules);

"**Capital Replacement End Date**" has the meaning given to it in the Final Terms or Pricing Supplement;

"**Certificates**" has the meaning given in Condition 1;

"**Couponholders**" has the meaning given in the preamble to these Conditions;

"**Coupons**" has the meaning given in the preamble to these Conditions;

"**Directors**" means the directors of the Issuer or a Substituted Obligor (as the case may be) from time to time;

"**EIOPA**" means the European Insurance and Occupational Pensions Authority;

"**European Economic Area**" or "**EEA**" means the countries comprising the European Union together with Norway, Liechtenstein and Iceland;

"**Extraordinary Resolution**" has the meaning given in the Trust Deed;

"**Final Redemption Amount**" has the meaning given to it in the relevant Final Terms or Pricing Supplement;

In setting the Final Redemption Amount the Issuer shall have consideration to the limitations set out in any Relevant Rules.

"**Group Insurance Undertaking**" means an insurance undertaking whose data is included for the purposes of the calculation of the Solvency Capital Requirement of the Insurance Group pursuant to the Relevant Rules;

"**Holder**" has the meaning given to it in Condition 1;

"**Insolvent Insurer Winding-up**" means:

(a) the winding-up of any Group Insurance Undertaking; or

(b) the appointment of an administrator of any Group Insurance Undertaking,

in each case where the Issuer has determined, acting reasonably, that all Policyholder Claims of the policyholders or beneficiaries under contracts of insurance of that Group Insurance Undertaking may or will not be met in full;

"**Insurance Group**" means the Insurance Group Parent Entity and its Subsidiaries;

"**Insurance Group Parent Entity**" means the Issuer or any Subsidiary or parent company of the Issuer which from time to time constitutes the highest entity in the relevant insurance group for which supervision of group capital resources or solvency is required (whether or not such requirement is waived in accordance with the Relevant Rules) pursuant to the Regulatory Capital Requirements in force from time to time;

As at the date of this Prospectus, the Insurance Group Parent Entity is the Issuer.

"**insurance undertaking**" has the meaning given to it in the Solvency II Directive;

"**Interest Basis**" has the meaning given to it in the relevant Final Terms or Pricing Supplement;

"**Interest Commencement Date**" has the meaning given to it in the relevant Final Terms or Pricing Supplement;

"**Issue Date**" has the meaning given in the preamble of these Conditions;

"**Issuer**" has the meaning given in the preamble to these Conditions;

"**Issuer Winding-Up**" has the meaning given in Condition 3(b);

"**Issuing and Paying Agent**" has the meaning given in the preamble to these Conditions;

"**Junior Obligations of the Issuer**" has the meaning given in Condition 3(b);

"**Level 2 Regulations**" means the Commission Delegated Regulation (EU) No. 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council of the European Union on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II) (as amended);

"**Liabilities**" means the unconsolidated gross liabilities of the Issuer as shown in the latest published audited balance sheet of the Issuer but adjusted for contingent liabilities and for subsequent events, all in such manner as the Directors of the Issuer may determine;

"**London Stock Exchange**" means the London Stock Exchange plc;

"**Maturity Date**" has the meaning given to it in the relevant Final Terms or Pricing Supplement (such date being specified as being no earlier than the fifth anniversary of the Issue Date);

"**Maximum Rate of Interest**" has the meaning given to it in the relevant Final Terms or Pricing Supplement;

"**Member State**" means a member of the EEA;

"**Minimum Capital Requirement**" means the Minimum Capital Requirement, the minimum consolidated group Solvency Capital Requirement or other minimum capital requirements (as applicable) referred to in Solvency II or the Relevant Rules;

"**Minimum Rate of Interest**" has the meaning given to it in the relevant Final Terms or Pricing Supplement;

"**Noteholder**" has the meaning given to it in Condition 1;

"**Optional Redemption Amount**" has the meaning given to it in the relevant Final Terms or Pricing Supplement (such Optional Redemption Amount being an amount per Note at least equal to the principal amount of the relevant Note);

"**Optional Redemption Date**" has the meaning given to it in the relevant Final Terms or Pricing Supplement (such Optional Redemption Date being at least five years after the Issue Date);

"**Parity Creditors of the Issuer**" means the creditors of the Issuer whose claims rank, or are expressed to rank, *pari passu* with the claims of the Noteholders including holders of Parity Obligations of the Issuer;

"**Parity Obligations of the Issuer**" has the meaning given in Condition 3(b);

"**Paying Agents**" has the meaning given in the preamble to these Conditions;

"**Policyholder Claims**" means claims of policyholders or beneficiaries under contracts of insurance in a winding-up, liquidation or administration of a Group Insurance Undertaking to the extent that those claims relate to any debt to which the Group Insurance Undertaking is, or may become, liable to a policyholder or

such a beneficiary pursuant to a contract of insurance, including all amounts to which policyholders or such beneficiaries are entitled under applicable legislation or rules relating to the winding-up or administration of insurance companies to reflect any right to receive, or expectation of receiving, benefits which such policyholders or such beneficiaries may have;

"**PRA**" means the Bank of England acting as the UK Prudential Regulation Authority through its Prudential Regulation Committee or such successor or other authority having primary supervisory authority with respect to prudential matters in relation to the Issuer, the Insurance Group and/or the Insurance Group Parent Entity;

"**Proceedings**" has the meaning given to it in Condition 19(b);

"**Qualifying Securities**" means securities issued by the Issuer or another entity and guaranteed by the Issuer that:

(a) have terms not materially less favourable to an investor than the terms of the Notes (as reasonably determined by the Issuer in consultation with an independent investment bank of international standing or independent financial adviser of international standing, and provided that a certification to such effect (including as to the consultation with the independent investment bank or independent financial adviser and in respect of the matters specified in (b) below) signed by two Directors of the Issuer shall have been delivered to the Trustee (upon which the Trustee shall be entitled to rely absolutely without liability to any person and without any obligation to verify or investigate the accuracy thereof) prior to the issue of the relevant securities);

(b) (subject to (a) above) shall (1) contain terms which are intended to match the then current requirements of the Relevant Rules in relation to Tier 3 Capital insofar as practicable; (2) bear the same rate of interest from time to time applying to the Notes and preserve the same Interest Payment Dates; (3) rank or, if issued by another entity, benefit from a guarantee of the Issuer which ranks, at least *pari passu* with the ranking of the Notes; (4) preserve the obligations of (including obligations arising from the exercise of any rights of) the Issuer as to redemption of the Notes, including as to the timing of, and amounts payable upon redemption of the Notes and provided that such Qualifying Securities may not be redeemed by the Issuer prior to the Maturity Date except in circumstances analogous to those referred to in Condition 6(c), 6(d), 6(e) and/or 6(f) of the Notes; (5) preserve any existing rights under these Conditions to any accrued interest, any Arrears of Interest and any other amounts payable under the Notes which, in each case, has accrued to Noteholders but not been paid; and (6) do not include any principal loss absorption provisions, including any provisions which require the write off or write down in whole or in part of the principal amount of such securities or the conversion of such securities in whole or in part into equity; and

(c) are listed or admitted to trading on the London Stock Exchange's regulated market (for the purposes of Directive 2014/65/EU as transposed into United Kingdom law or any successor legislation) or such other regularly operating, internationally recognised stock exchange in the UK or the EEA as selected by the Issuer and approved by the Trustee;

"**Rating Agency**" means Fitch Ratings Limited or any affiliate of or successor thereto;

"**Rating Agency Compliant Securities**" means securities which are (i) Qualifying Securities and (ii) assigned substantially the same "equity credit" (or such other nomenclature as may be used by the Rating Agency from time to time to describe the degree to which the terms of an instrument are supportive of an issuer's senior obligations in terms of either leverage or total capital) or, at the absolute discretion of the Issuer, a lower "equity credit" (provided such "equity credit" is still higher than the "equity credit" assigned to the Notes immediately after the occurrence of the Ratings Methodology Event) as that which was assigned by the Rating Agency or its predecessor to the Notes on or around the Issue Date or (if any further Tranche(s) of the Notes has or have been issued pursuant to Condition 15 and consolidated to form a single series with the

Notes and the "equity credit" assigned by the Rating Agency on the issue date of such Tranche is lower than the "equity credit" assigned to the Notes on or around the Issue Date) the issue date of the last Tranche of the relevant Series and provided that a certification to such effect signed by two Directors of the Issuer shall have been delivered to the Trustee prior to the issue of the relevant securities (upon which the Trustee shall be entitled to rely absolutely without liability to any person and without any obligation to verify or investigate the accuracy thereof);

"**Ratings Methodology Call**" has the meaning given to it in Condition 6(f);

a "**Ratings Methodology Event**" will be deemed to occur if at any time there occurs a change in (or clarification to) the methodology of the Rating Agency (or in the interpretation of such methodology) as a result of which the "equity credit" (or such other nomenclature as may be used by the Rating Agency from time to time to describe the degree to which the terms of an instrument are supportive of an issuer's senior obligations in terms of either leverage or total capital) assigned by the Rating Agency to the Notes is, as notified by the Rating Agency to the Issuer or as published by the Rating Agency, reduced when compared to the "equity credit" assigned by the Rating Agency or its predecessor to the Notes on or around the Issue Date or (if any further Tranche(s) of the Notes has or have been issued pursuant to Condition 15 and consolidated to form a single series with the Notes and the "equity credit" assigned by the Rating Agency on the issue date of such Tranche is lower than the "equity credit" assigned to the Notes on or around the Issue Date) the issue date of the last Tranche of the relevant Series;

"**Record Date**" has the meaning given to it in Condition 7(b);

"**Register**" has the meaning given in Condition 1;

"**Registered Notes**" has the meaning given to it in Condition 1;

"**Registrar**" has the meaning given in the preamble to these Conditions;

"**Regulatory Capital Requirements**" means any applicable capital resources requirement or applicable overall financial adequacy rule required by the PRA pursuant to the Relevant Rules, as such requirements or rules are in force from time to time;

"**Regulatory Clearance Condition**" means, in respect of any proposed act on the part of the Issuer, the PRA having approved, granted permission for, consented to, or provided a non-objection to and having not withdrawn its approval, permission or consent to, such act (in any case only if and to the extent such approval, permission, consent or non-objection is required by the PRA, the Relevant Rules or any other applicable rules of the PRA at the relevant time);

"**Regulatory Deficiency Interest Deferral Date**" means each Interest Payment Date in respect of which a Regulatory Deficiency Interest Deferral Event has occurred and is continuing or would occur if payment of interest were made on such Interest Payment Date;

"**Regulatory Deficiency Interest Deferral Event**" means:

(a) any event (including, without limitation, any event which causes any Minimum Capital Requirement applicable to the Issuer, the Insurance Group Parent Entity or the Insurance Group to be breached and such breach is an event) which under the Relevant Rules means that the Issuer must defer payment of interest (or, if applicable, Arrears of Interest) in respect of the Notes (in order that the Notes are, and/or on the basis that the Notes are intended to be, both eligible and available as Tier 3 Capital of the Issuer and the Insurance Group); or

(b) the PRA having notified the Issuer in writing that, in circumstances in which it is permitted to do so pursuant to and in accordance with the Relevant Rules, it has determined that the Issuer must defer a

payment of interest (or, if applicable, Arrears of Interest) under the Notes and the PRA not having revoked such notification;

"**Regulatory Deficiency Redemption Deferral Event**" means:

(a) any event (including, without limitation, where an Insolvent Insurer Winding-up has occurred and is continuing or any event which causes any Solvency Capital Requirement or Minimum Capital Requirement applicable to the Issuer, the Insurance Group Parent Entity or the Insurance Group to be breached and such Insolvent Insurer Winding-up or, as the case may be, such breach is an event) which under the Relevant Rules means that the Issuer must defer or suspend redemption of the Notes (in order that the Notes are, and/or on the basis that the Notes are intended to be both eligible and available as Tier 3 Capital of the Issuer and the Insurance Group); or

(b) the PRA having notified the Issuer in writing that, in circumstances in which it is permitted to do so pursuant to and in accordance with the Relevant Rules, it has determined that the Issuer must defer making a payment of principal under the Notes and the PRA not having revoked such notification;

"**Relevant Date**" has the meaning given in Condition 8;

"**Relevant Jurisdiction**" means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax or, in either case, any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject to tax in respect of payments made by it of principal and/or interest (including Arrears of Interest) on the Notes;

"**Relevant Rules**" means, at any time, any legislation, rules or regulations (whether having the force of law or otherwise) then applying to the Issuer, the Insurance Group Parent Entity or the Insurance Group relating to own funds, capital resources, capital requirements, financial adequacy requirements or other prudential matters (including, but not limited to, the characteristics, features or criteria of any of the foregoing) and without limitation to the foregoing, includes (to the extent then applying as aforesaid) Solvency II, any legislation, rules or regulations implementing Solvency II and any legislation, rules or regulations of the PRA relating to such matters; and references in these Conditions to any matter, action or condition being required or permitted by, or in accordance with, the Relevant Rules shall be construed in the context of the Relevant Rules as they apply to Tier 3 Capital;

"**Senior Creditors of the Issuer**" means policyholders of the Issuer (if any), beneficiaries under contracts of insurance of the Issuer (if any) and any other creditors of the Issuer who are unsubordinated creditors of the Issuer;

"**Series**" has the meaning given in the preamble to these Conditions;

"**Solvency II**" means the Solvency II Directive and any additional measures adopted to give effect to the Solvency II Directive (for the avoidance of doubt, whether implemented by way of regulation (including, without limitation, the Level 2 Regulations), a directive, application of relevant EIOPA guidelines or otherwise);

"**Solvency II Directive**" means Directive 2009/138/EC of the European Parliament and of the Council of the European Union of 25 November 2009 on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II) (as amended);

"**Solvency Capital Requirement**" means the solvency capital requirement or the group solvency capital requirement referred to in Solvency II (howsoever described or defined in Solvency II) or any other solvency capital requirement, group solvency capital requirement or any other equivalent capital requirement (other than the Minimum Capital Requirement) howsoever described in the Relevant Rules;

"**Solvency Condition**" has the meaning given in Condition 3(d);

"**Special Redemption Price**" has the meaning given to it in the relevant Final Terms or Pricing Supplement;

"**Specified Denomination**" has the meaning given to it in the relevant Final Terms or Pricing Supplement;

"**Subsidiary**" has the meaning given to it under Section 1159 of the Companies Act 2006 (as amended from time to time);

"**Substituted Obligor**" has the meaning given to it in Condition 12(a);

"**successor in business**" has the meaning given in the Trust Deed;

"**Tax Event**" has the meaning given to it in Condition 6(d)(i);

"**Tier 1 Capital**" has the meaning given to it for the purposes of the Relevant Rules from time to time (including, without limitation, by virtue of the operation of any grandfathering provisions under any Relevant Rules);

"**Tier 2 Capital**" has the meaning given to it for the purposes of the Relevant Rules from time to time (including, without limitation, by virtue of the operation of any grandfathering provisions under any Relevant Rules);

"**Tier 3 Capital**" has the meaning given to it for the purposes of the Relevant Rules from time to time (including, without limitation, by virtue of the operation of any grandfathering provisions under any Relevant Rules);

"**Tranche**" has the meaning given in the preamble to these Conditions;

"**Transfer Agents**" has the meaning given in the preamble to these Conditions;

"**Trust Deed**" has the meaning given in the preamble to these Conditions;

"**Trustee**" has the meaning given in the preamble to these Conditions; and

"**United Kingdom**" or "**UK**" means the United Kingdom of Great Britain and Northern Ireland.

19 Governing Law and Jurisdiction

(a) Governing law

The Trust Deed, the Notes, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes, the Coupons and/or the Talons are governed by, and shall be construed in accordance with, English law.

(b) Jurisdiction

The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed or the Notes and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed or any Notes ("**Proceedings**") may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of the courts of England in respect of any such Proceedings (but this is without prejudice to the rights of the Trustee or the Noteholders to commence Proceedings in any jurisdiction and/or concurrent Proceedings in one or more jurisdictions to the extent permitted by law).

TERMS AND CONDITIONS OF THE TIER 2 NOTES

The following is the text of the terms and conditions that, subject to completion and as supplemented in accordance with the provisions of Part A of the relevant Final Terms or, in the case of PR Exempt Notes, the relevant Pricing Supplement and except for the paragraphs in italics, shall be applicable to the Tier 2 Notes in definitive form (if any) issued in exchange for the Global Note(s) or Certificates representing each Series of Tier 2 Notes. The full text of these terms and conditions together with the relevant provisions of Part A of the Final Terms or Pricing Supplement (as applicable) shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. Accordingly, references in these terms and conditions to provisions "specified hereon" or "specified as such hereon" shall be to the provisions endorsed on the face of the relevant Note or Certificate or set out in the relevant Final Terms or Pricing Supplement (as applicable). The relevant Pricing Supplement in relation to any Tranche of PR Exempt Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of the relevant Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Final Terms or Pricing Supplement. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. These Conditions shall be applicable to those Notes which are specified to be "Tier 2 Notes" in the relevant Final Terms or Pricing Supplement. References in the Conditions to "Notes" are to the Tier 2 Notes of one Series only, not to all Notes that may be issued under the Programme.

This Note is one of the Series (as defined below) of Notes issued by Phoenix Group Holdings plc (the "**Issuer**") constituted by a trust deed dated 24 June 2019 as amended and restated on 25 September 2020 (as amended or supplemented as at the date of issue of the Notes (the "**Issue Date**")) (the "**Trust Deed**") between the Issuer and Citibank, N.A., London Branch (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. An agency agreement dated 24 June 2019 as amended and restated on 25 September 2020 (as amended or supplemented as at the Issue Date, the "**Agency Agreement**") has been entered into in relation to the Notes between the Issuer, the Trustee, Citibank, N.A., London Branch as initial issuing and paying agent, Citigroup Global Markets Europe AG as registrar and the other agents named in it. The issuing and paying agent, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Issuing and Paying Agent**", the "**Paying Agents**" (which expression shall include the Issuing and Paying Agent), the "**Registrar**", the "**Transfer Agents**" (which expression shall include the Registrar) and (unless otherwise set out herein or hereon) the "**Calculation Agent(s)**". Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours and upon reasonable notice at the specified offices of the Paying Agents and the Transfer Agents.

The Noteholders and the holders of the interest coupons (the "**Coupons**") relating to interest-bearing Notes in bearer form and, where applicable, in the case of such Notes, talons for further Coupons (the "**Talons**") (the "**Couponholders**") are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement. Any reference herein to Coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons.

As used in these Conditions, "**Tranche**" means Notes which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which (a) are expressed to be consolidated and form a single series and (b) have the same

terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

1 Form, Denomination and Title

The Notes are issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**") in each case in the Specified Denomination(s) shown hereon provided that in the case of any Notes which are to be admitted to trading on a regulated market in the United Kingdom or within the European Economic Area or offered to the public in a Member State in circumstances which require the publication of a Prospectus under the Prospectus Regulation (Regulation (EU) 2017/1129, as amended), the minimum Specified Denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes).

This Note is a Fixed Rate Note, a Fixed to Floating Rate Note, a Fixed Rate Reset Note or a Floating Rate Note or a combination of the foregoing, depending upon the Interest Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached.

Registered Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(b), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass upon registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, "**Noteholder**" means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be), "**holder**" (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

2 Transfers of Registered Notes

(a) Transfer of Registered Notes

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer (as set out in Schedule 1 of the Trust Deed) endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

(b) Exercise of Options or Partial Redemption in Respect of Registered Notes

In the case of an exercise of an Issuer's option in respect of a holding of Registered Notes represented by a single Certificate or a partial redemption of a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(c) Delivery of New Certificates

Each new Certificate to be issued pursuant to Condition 2(a) or (b) shall be available for delivery within three Business Days of receipt of the form of transfer and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Registrar or relevant Transfer Agent (as applicable) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(c), "**Business Day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(d) Transfer Free of Charge

Transfer of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges by the person submitting such Notes or Certificates that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(e) Closed Periods

No Noteholder may require the transfer of a Note (or part thereof) to be registered during the period of 15 days ending on the due date for any payment of principal or interest or during the period following delivery of a notice of a voluntary payment of Arrears of Interest in accordance with Condition 5(d) and Condition 16 and ending on the date referred to in such notice as having been fixed for such payment of Arrears of Interest.

3 Status of the Notes

(a) Status

The Notes and the Coupons relating to them constitute direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves. The rights and claims of the Noteholders in any Issuer Winding-Up are as described in the Trust Deed, this Condition 3 and Condition 10.

(b) Issuer Winding-Up

Subject to Condition 3(c), if:

(i) at any time an order is made, or an effective resolution is passed, for the winding-up of the Issuer (except, in any such case, (A) a solvent winding-up solely for the purpose of a reconstruction or amalgamation, the terms of which have previously been approved in writing by the Trustee or by an Extraordinary Resolution and do not provide that the Notes or any amount in respect thereof shall thereby become payable or (B) the substitution in place of the Issuer of a successor in business (as defined in the Trust Deed) of the Issuer in accordance with the provisions of Condition 12); or

(ii) an administrator of the Issuer is appointed and such administrator gives notice that it intends to declare and distribute a dividend or other distribution of the assets of the Issuer,

(the events in Conditions 3(b)(i) and 3(b)(ii) each being an "**Issuer Winding-Up**"),

the rights and claims of the Trustee (on behalf of the Noteholders and Couponholders but not the rights and claims of the Trustee in its personal capacity under the Trust Deed which shall not be subordinated), the Noteholders and the Couponholders against the Issuer in relation to the Notes, the Coupons and the Trust Deed (including, without limitation, any damages awarded for breach of any obligations under the Notes, the Coupons and the Trust Deed) will be subordinated in the manner provided in the Trust Deed to the claims of all Senior Creditors of the Issuer, but shall rank:

(A) in the case of dated Notes, being Notes with a Maturity Date stated hereon

(x) at least *pari passu* with (i) all claims of holders of subordinated obligations of the Issuer (including, without limitation, obligations pursuant to a guarantee) which have the necessary features to qualify as Tier 2 Capital as at their issue date and/or (in the case of financings entered into prior to 18 April 2018) which are, or have been, incurred by the Issuer in relation to a financing transaction where some or all of the initial proceeds from the relevant financing transaction were on-lent by the Issuer or any Subsidiary of the Issuer to any member of the Insurance Group in a form having the necessary features to qualify as Tier 2 Capital as at the date such on-loan was made and (ii) all claims of holders of other subordinated obligations of the Issuer (including, without limitation, obligations pursuant to a guarantee) which rank, or are expressed to rank, *pari passu* with the Notes (and shall include, without limitation and for so long as any of the same shall remain outstanding, the Issuer's £428,113,000 6.625 per cent. Subordinated Notes due 2025 (ISIN XS1171593293) (the "**2025 Notes**")) (together, in the case of dated Notes, the "**Parity Obligations of the Issuer**"); and

(y) in priority to (i) (unless and until the Undated Notes Parity Election is made) the claims of holders of any undated or perpetual subordinated obligations of the Issuer (including, without limitation, obligations pursuant to a guarantee), (ii) the claims of holders of any subordinated obligations of the Issuer (including, without limitation, obligations pursuant to a guarantee) which rank, or are expressed to rank, junior to the Notes and (iii) the claims of holders of all classes of shares in the Issuer (together, in the case of dated Notes, the "**Junior Obligations of the Issuer**"); or

(B) in the case of perpetual Notes, being Notes without a Maturity Date stated hereon:

(x) (unless and until an Undated Notes Parity Election is made) at least *pari passu* with all claims of holders of undated or perpetual subordinated obligations of the Issuer (including, without limitation, obligations pursuant to a guarantee) and (following the making of an Undated Notes Parity Election, if any) at least *pari passu* with (i) all claims of holders of subordinated obligations of the Issuer (including, without limitation, obligations pursuant to a guarantee) which have the necessary features to qualify as Tier 2 Capital as at their issue date and/or (in the case of financings entered into prior to 18 April 2018) which are, or have been, incurred by the Issuer in relation to a financing transaction where some or all of the initial proceeds from the relevant financing transaction were on-lent by the Issuer or any Subsidiary of the Issuer to any member of the Insurance Group in a form having the necessary features to qualify as Tier 2 Capital as at the date such on-loan was made and (ii) all claims of holders of other subordinated obligations of the Issuer (including, without limitation, obligations pursuant to a guarantee) which rank, or are expressed to rank, *pari passu* with the Notes (together, in the case of perpetual Notes, the "**Parity Obligations of the Issuer**"); and

(y) in priority to (i) the claims of holders of any subordinated obligations of the Issuer (including, without limitation, obligations pursuant to a guarantee) which rank, or are expressed to rank, junior to the Notes and (ii) the claims of holders of all classes of shares in the Issuer (together, in the case of perpetual Notes, the "**Junior Obligations of the Issuer**").

(C) The Issuer may elect to elevate the ranking of the perpetual Notes such that they rank *pari passu* with the claims of holders of dated subordinated Notes of the Issuer which are, or have the necessary features to qualify as, Tier 2 Capital of the Issuer as at their respective dates of issue (an "**Undated Notes Parity Election**"). Subject to satisfaction of the Regulatory Clearance Condition and without the need for consent from the Couponholders, the Noteholders or the Trustee, the Issuer may make the Undated Notes Parity Election by giving notice thereof to the Noteholders in accordance with Condition 16 and to the Trustee, the Issuing and Paying Agent and the Registrar. The Undated Notes Parity Election shall take effect on the date such notice is given to the Noteholders in accordance with this Condition 3(b).

No Undated Notes Parity Election can take effect prior to the 2025 Notes having been redeemed.

(c) No Prejudice to Trustee Remuneration

Nothing in the Trust Deed or these Conditions shall affect or prejudice the payment of the costs, fees, charges, expenses, liabilities or remuneration of the Trustee under the Trust Deed or the rights and remedies of the Trustee in respect thereof.

(d) Solvency Condition

Other than in circumstances where an Issuer Winding-Up has occurred or is occurring (but subject to Condition 3(c)), all payments under or arising from (including any damages awarded for breach of any obligations under) the Notes, the Coupons or the Trust Deed shall be conditional upon the Issuer being solvent at the time for payment by the Issuer and no amount shall be payable under or arising from the Notes, the Coupons or the Trust Deed unless and until such time as the Issuer could make such payment and still be solvent immediately thereafter (the "**Solvency Condition**").

For the purposes of this Condition 3(d), the Issuer will be solvent if (i) it is able to pay its debts owed to Senior Creditors of the Issuer and Parity Creditors of the Issuer as they fall due and (ii) its Assets exceed its Liabilities.

A certificate as to the solvency or lack thereof of the Issuer signed by two Directors of the Issuer or, if there is a winding-up or administration of the Issuer, the liquidator or, as the case may be, the administrator of the Issuer shall (in the absence of manifest error) be treated and accepted by the Issuer, the Trustee, the Noteholders, the Couponholders and all other interested parties as correct and sufficient evidence thereof and shall be binding on all such persons. The Trustee shall be entitled to rely absolutely on such certificate without liability to any person and without any obligation to verify or investigate the accuracy thereof.

(e) Set-off, etc.

By acceptance of the Notes and/or the Coupons, and subject to applicable law, each Noteholder and each Couponholder will be deemed to have waived and to have directed and authorised the Trustee on its behalf to have waived any right of set-off or counterclaim that such Noteholder or Couponholder might otherwise have against the Issuer in respect of or arising under the Notes, the Coupons or the Trust Deed whether prior to or in liquidation, winding-up or administration. Notwithstanding the preceding sentence, if any of the rights and claims of any Noteholder or Couponholder in respect of or arising under the Notes, the Coupons or the Trust Deed are discharged by set-off, such Noteholder or Couponholder will immediately pay an amount equal to the amount of such discharge to the Issuer or, if applicable, the liquidator, trustee, receiver or administrator of the Issuer and, until such time as payment is made, will hold a sum equal to such amount on trust for the Issuer or, if applicable, the liquidator, trustee, receiver or administrator in the relevant liquidation, winding-up or administration. Accordingly, such discharge will be deemed not to have taken place.

4 Interest and other Calculations

(a) Interest on Fixed Rate Notes and Fixed to Floating Rate Notes

Each Fixed Rate Note or Fixed to Floating Rate Note bears interest on its outstanding principal amount from (and including) the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest to (but excluding), (i) in the case of Fixed to Floating Rate Notes, the Fixed Rate End Date specified hereon, and (ii) in the case of Fixed Rate Notes, the Maturity Date (if applicable) specified hereon, and such interest shall (subject to Conditions 3(d) and 5) be payable in arrear on each Interest Payment Date specified hereon. The amount of interest payable shall be determined in accordance with Condition 4(e).

(b) Interest on Fixed Rate Reset Notes

Each Fixed Rate Reset Note bears interest on its outstanding principal amount (unless a Benchmark Event has occurred, in which case the First Reset Rate of Interest and/or any Subsequent Reset Rate of Interest, as applicable, shall be determined pursuant to and in accordance with Condition 4(l)):

(i) from (and including) the Interest Commencement Date until (but excluding) the First Reset Note Reset Date at the Initial Rate of Interest;

(ii) from (and including) the First Reset Note Reset Date until (but excluding) the first Anniversary Date at the First Reset Rate of Interest; and

(iii) for each Subsequent Reset Period thereafter (if any), at the relevant Subsequent Reset Rate of Interest,

and such interest shall (subject to Conditions 3(d) and 5) be payable, in each case, in arrear on the Interest Payment Dates specified hereon. The amount of interest payable shall be determined in accordance with Condition 4(e).

Save as otherwise provided herein, the provisions applicable to Fixed Rate Notes shall apply to Fixed Rate Reset Notes.

(c) Interest on Floating Rate Notes and Fixed to Floating Rate Notes

(i) Interest Payment Dates

Each Floating Rate Note and each Fixed to Floating Rate Note bears interest on its outstanding principal amount from (and including), in the case of a Floating Rate Note, the Interest Commencement Date and, in the case of a Fixed to Floating Rate Note, the Fixed Rate End Date specified hereon at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest shall (subject to Conditions 3(d) and 5) be payable in arrear on each Interest Payment Date in the case of a Floating Rate Note and on each Interest Payment Date commencing after the Fixed Rate End Date specified hereon in the case of a Fixed to Floating Rate Note. The amount of interest payable shall be determined in accordance with Condition 4(e). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, "**Interest Payment Date**" shall mean each date which falls the number of months or other period shown hereon as the Specified Period after the preceding Interest Payment Date or, in the case of the first such Interest Payment Date, after the Interest Commencement Date, in the case of a Floating Rate Note, or after the Fixed Rate End Date, in the case of a Fixed to Floating Rate Note.

(ii) Business Day Convention

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified hereon is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each such subsequent date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) Rate of Interest for Floating Rate Notes and Fixed to Floating Rate Notes

The Rate of Interest in respect of Floating Rate Notes and, from and including the Fixed Rate End Date, Fixed to Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon (unless a Benchmark Event has occurred, in which case the relevant Rate of Interest shall be determined pursuant to and in accordance with Condition 4(l)).

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each relevant Interest Accrual Period shall be determined by the Calculation Agent, subject to Condition 4(l), as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(x) the Floating Rate Option is as specified hereon;

(y) the Designated Maturity is a period specified as such hereon; and

(z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**", "**Reset Date**" and "**Swap Transaction**" have the meanings given to those terms in the ISDA Definitions.

Unless otherwise specified hereon, the Minimum Rate of Interest shall be deemed to be zero.

(B) Screen Rate Determination for Floating Rate Notes

(x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject to Condition 4(l) and subject as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean of the offered quotations, (expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR), on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

(y) subject to Condition 4(l), if the Relevant Screen Page is not available or if, sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Eurozone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels

time), on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

(z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Eurozone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the rate of interest shall be the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Eurozone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

Unless otherwise specified hereon, the Minimum Rate of Interest shall be deemed to be zero.

(d) Margin, Maximum/Minimum Rates of Interest and Rounding

(i) If any Margin is specified hereon (either (x) generally or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 4(c) above by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin, subject always to the next paragraph.

(ii) If any Maximum or Minimum Rate of Interest is specified hereon, then any Rate of Interest shall be subject to such maximum or minimum, as the case may be.

In setting the Maximum or Minimum Rate of Interest, the Issuer shall have consideration to the limitations set out in any Relevant Rules.

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "**unit**" means the lowest amount of such currency that is available as legal tender in the country or countries of such currency.

(e) Calculations

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated. Where the Specified Denomination comprises more than one Calculation Amount, the amount of interest payable in respect of such Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination specified hereon.

(f) Linear Interpolation

Where Linear Interpolation is specified hereon as applicable in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified hereon as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified hereon as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

"**Applicable Maturity**" means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (b) in relation to ISDA Determination, the Designated Maturity.

(g) Determination and Publication of Rates of Interest and Interest Amounts

The Calculation Agent shall, subject to Condition 4(l), as soon as practicable on each Interest Determination Date or Reset Determination Date (as applicable), or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant

Interest Accrual Period, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date, to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in any event no later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 4(c)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition 4 but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(h) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4 by the Calculation Agent shall (in the absence of manifest error) be binding on the Issuer, the Issuing and Paying Agent, the Paying Agents and all Noteholders and Couponholders and (in the absence of wilful default or fraud) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Issuing and Paying Agent or the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(i) Accrual of Interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

(i) the date on which all amounts due in respect of such Note have been paid; and

(ii) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Issuing and Paying Agent or the Registrar, as the case may be, and notice to that effect has been given to the Noteholders in accordance with Condition 16.

(j) Definitions

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Anniversary Date**" means the date specified as such hereon.

"**Applicable Maturity**" has the meaning given to it in Condition 4(f).

"**Benchmark Frequency**" has the meaning given to it in the relevant Final Terms or Pricing Supplement.

"**Benchmark Gilt**" means such United Kingdom government security having an actual or interpolated maturity date on or about the last day of such Reset Period as the Issuer after consultation with the Calculation Agent, on the advice of an investment bank of international repute, may determine would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issuances of corporate debt securities denominated in sterling and of a comparable maturity to the relevant Reset Period.

"**Benchmark Gilt Rate**" means, in respect of a Reset Period, the gross redemption yield (as calculated by the Calculation Agent in accordance with generally accepted market practice at such time) on a semi-annual compounding basis (rounded up (if necessary) to four decimal places) of the Benchmark Gilt in respect of that Reset Period, with the price of the Benchmark Gilt for this purpose being the arithmetic average (rounded up (if necessary) to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered prices of such Benchmark Gilt quoted by the Reset Reference Banks at 3.00 p.m. (London time) on the relevant Reset Determination Date on a dealing basis for settlement on the next following dealing day in London. If at least four quotations are provided, the Benchmark Gilt Rate will be the rounded arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Benchmark Gilt Rate will be the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Benchmark Gilt Rate will be the rounded quotation provided. If no quotations are provided, the Benchmark Gilt Rate will be (i) in the case of each Reset Period other than the Reset Period commencing on the First Reset Note Reset Date, the Reset Rate in respect of the immediately preceding Reset Period or (ii) in the case of the Reset Period commencing on the First Reset Note Reset Date, an amount specified hereon as the "First Reset Period Fallback".

"**Broken Amount**" has the meaning given to it in the relevant Final Terms or Pricing Supplement.

"**Business Day**" means:

(i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or

(ii) in the case of euro, a day on which the TARGET System is operating (a "**TARGET Business Day**"); and/or

(iii) in the case of a currency and/or one or more Additional Business Centres specified hereon, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Additional Business Centre(s) or, if no currency is indicated, generally in each of the Additional Business Centres.

"**Business Day Convention**" has the meaning given to it in the relevant Final Terms or Pricing Supplement.

"**Calculation Amount**" has the meaning given to it in the relevant Final Terms or Pricing Supplement.

"**CMT Designated Maturity**" has the meaning given to it in the relevant Final Terms or Pricing Supplement.

"**CMT Rate**" means, in relation to a Reset Period and the Reset Determination Date in relation to such Reset Period, the rate determined by the Calculation Agent, and expressed as a percentage, equal to:

(i) the yield for United States Treasury Securities at "constant maturity" for the CMT Designated Maturity, as published in the H.15 under the caption "treasury constant maturities (nominal)", as that yield is displayed on the CMT Rate Screen Page on such Reset Determination Date; or

(ii) if the yield referred to in paragraph (i) above is not published by 4:00 p.m. (New York City time) on the CMT Screen Page on such Reset Determination Date, the yield for the United States Treasury Securities at "constant maturity" for the CMT Designated Maturity as published in the H.15 under the caption "treasury constant maturities (nominal)" on such Reset Determination Date; or

(iii) if the yield referred to in paragraph (ii) above is not published by 4:30 p.m. (New York City time) on such Reset Determination Date, the Reset Reference Bank Rate on such Reset Determination Date.

"**CMT Rate Screen Page**" has the meaning given to it in the relevant Final Terms or Pricing Supplement or any successor service or such other page as may replace that page on that service for the purpose of displaying "treasury constant maturities" as reported in H.15.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or Interest Accrual Period, the "**Calculation Period**"):

(i) if "**Actual/Actual**" or "**Actual/Actual - ISDA**" is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(ii) if "**Actual/365 (Fixed)**" is specified hereon, the actual number of days in the Calculation Period divided by 365;

(iii) if "**Actual/365 (Sterling)**" is specified hereon, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if "**Actual/360**" is specified hereon, the actual number of days in the Calculation Period divided by 360;

(v) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M_2" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(vi) if "**30E/360**" or "**Eurobond Basis**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D_2 will be 30;

(vii) if "**30E/360 (ISDA)**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30; and

(viii) if "**Actual/Actual-ICMA**" is specified hereon:

(A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(B) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

"**Determination Date**" means the date specified as such hereon or, if none is so specified, the Interest Payment Date; and

"**Determination Period**" means the period from and including a Determination Date in any year to but excluding the next Determination Date.

"**dealing day**" means a day, other than a Saturday or Sunday, on which the London Stock Exchange (or such other stock exchange on which the Benchmark Gilt is at the relevant time listed) is ordinarily open for the trading of securities.

"**Eurozone**" means the region comprising member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

"**First Reset Note Reset Date**" means the date specified as such hereon.

"**First Reset Period**" means the period from (and including) the First Reset Note Reset Date until (but excluding) the first Anniversary Date.

"**First Reset Period Fallback**" has the meaning given to it in the relevant Final Terms or Pricing Supplement.

"**First Reset Rate of Interest**" means the rate of interest being determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Reset Rate plus the Reset Margin (with such sum converted (if necessary) from a basis equivalent to the Benchmark Frequency to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes during the First Reset Period (such calculation to be made by the Calculation Agent)).

"**Fixed Leg**" has the meaning given to it in the relevant Final Terms or Pricing Supplement.

"**Fixed Rate End Date**" means the date specified as such hereon.

"**Floating Leg**" has the meaning given to it in the relevant Final Terms or Pricing Supplement.

"**Floating Rate Business Day Convention**" has the meaning given to it in Condition 4(c).

"**Following Business Day Convention**" has the meaning given to it in Condition 4(c).

"**H.15**" means the daily statistical release designated as H.15, or any successor publication, published by the board of governors of the Federal Reserve System at http://www.federalreserve.gov/releases/H15 or any successor site or publication.

"**Initial Rate of Interest**" means the initial rate of interest per annum specified hereon.

"**Interest Accrual Period**" means the period beginning on (and including) the Interest Commencement Date, in respect of the Floating Rate Notes, and the Fixed Rate End Date, in respect of the Fixed to Floating Rate Notes, and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

"**Interest Amount**" means, in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, Fixed Rate Reset Notes, and, prior to the Fixed Rate End Date, Fixed to Floating Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and, in respect of any other period, the amount of interest payable per Calculation Amount for that period.

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified hereon.

"**Interest Determination Date**" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified: (i) the first day of such Interest Accrual Period if the Specified Currency is sterling or (ii) the day falling two Business Days in London prior to the first day of such Interest Accrual Period if the Specified Currency is neither sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

"**Interest Payment Date**" has the meaning given to it in Condition 4(c).

"**Interest Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

"**Interest Period Date**" means each Interest Payment Date unless otherwise specified hereon.

"**ISDA Definitions**" means the 2006 ISDA Definitions as amended or supplemented, as published by the International Swaps and Derivatives Association, Inc. unless otherwise specified hereon.

"**ISDA Determination**" has the meaning given to it in Condition 4(c).

"**ISDA Rate**" has the meaning given to it in Condition 4(c).

"**Margin**" has the meaning given to it in the relevant Final Terms or Pricing Supplement.

"**Mid-Swap Quotations**" means the arithmetic mean of the bid and offered rates:

(i) if the Specified Currency is sterling, for a semi-annual fixed leg (calculated on an Actual/365 day count basis) of a fixed for floating interest rate swap transaction in sterling which (i) has a term commencing on the relevant Reset Note Reset Date which is equal to that of the relevant

Swap Rate Period; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; and (iii) has a floating leg based on the 6-month LIBOR rate (calculated on an Actual/365 day count basis), unless as otherwise specified hereon;

(ii) if the Specified Currency is euro, for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed for floating interest rate swap transaction in euro which (i) has a term commencing on the relevant Reset Note Reset Date which is equal to that of the relevant Swap Rate Period; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; and (iii) has a floating leg based on the 6-month EURIBOR rate (calculated on an Actual/360 day count basis), unless as otherwise specified hereon;

(iii) if the Specified Currency is US dollars, for the semi-annual fixed leg (calculated on a 30/360 day count basis) of a fixed for floating interest rate swap transaction in US dollars which (i) has a term commencing on the relevant Reset Note Reset Date which is equal to that of the relevant Swap Rate Period; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; and (iii) has a floating leg based on the 3-month LIBOR rate (calculated on an Actual/360 day count basis), unless as otherwise specified hereon; and

(iv) if the Specified Currency is not sterling, euro or US dollars, for the Fixed Leg (as set out hereon) of a fixed for floating interest rate swap transaction in that Specified Currency which (i) has a term commencing on the relevant Reset Note Reset Date which is equal to that of the relevant Swap Rate Period; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; and (iii) has a Floating Leg (as set out hereon).

"**Mid-Swap Rate**" means in respect of a Reset Period, (i) the applicable semi-annual or annual (as specified hereon) mid-swap rate for swap transactions in the Specified Currency (with a maturity equal to that of the relevant Swap Rate Period specified hereon) as displayed on the Screen Page at 11.00 a.m. (in the principal financial centre of the Specified Currency) on the relevant Reset Determination Date or (ii) if such rate is not displayed on the Screen Page at such time and date, the relevant Reset Reference Bank Rate.

"**Modified Following Business Day Convention**" has the meaning given to it in Condition 4(c).

"**Preceding Business Day Convention**" has the meaning given to it in Condition 4(c).

"**Rate of Interest**" means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

"**Reference Banks**" means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market or in the case of a determination of EURIBOR, the principal Eurozone office of four major banks in the Eurozone inter-bank market, in each case selected by the Calculation Agent or as specified hereon.

"**Reference Rate**" means LIBOR or EURIBOR, in each case for the relevant period, as specified hereon.

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service as may be specified hereon.

"**Reset Determination Date**" means, in respect of a Reset Period, (a) each date specified as such hereon or, if none is so specified, (b) (i) if the Specified Currency is sterling, the first Business Day of such Reset Period, (ii) if the Specified Currency is euro, the day falling two TARGET Business Days prior to the first day of such Reset Period, (iii) if the Specified Currency is US dollars, the day falling two U.S. Government Securities Business Days prior to the first day of such Reset Period (iv) for any other Specified Currency, the day falling two Business Days in the principal financial centre for such Specified Currency prior to the first day of such Reset Period.

"**Reset Margin**" means the margin (expressed as a percentage) specified as such hereon.

In setting the Reset Margin the Issuer shall have consideration to the limitations set out in any Relevant Rules.

"**Reset Note Reset Date**" means every date which falls on each Anniversary Date as may be specified hereon.

"**Reset Period**" means the First Reset Period or a Subsequent Reset Period.

"**Reset Rate**" means (a) if "Mid-Swap Rate" is specified hereon, the relevant Mid-Swap Rate, (b) if "Benchmark Gilt Rate" is specified hereon, the relevant Benchmark Gilt Rate or (c) if "CMT Rate" is specified hereon, the relevant CMT Rate.

"**Reset Reference Bank Rate**" means the percentage rate determined on the basis of (a) if "Mid-Swap Rate" is specified hereon, the Mid-Swap Quotations provided by the Reset Reference Banks to the Calculation Agent at the request of the Issuer at or around 11:00 a.m. in the principal financial centre of the Specified Currency on the relevant Reset Determination Date or (b) if "CMT Rate" is specified hereon, the percentage rate determined by the Calculation Agent on the basis of the Reset United States Treasury Securities Quotations provided by the Reset Reference Banks to the Calculation Agent at the request of the Issuer at or around 4:30 p.m. (New York City time) on the relevant Reset Determination Date and, in either case, rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards). If at least four quotations are provided, the Reset Reference Bank Rate will be the rounded arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Reset Reference Bank Rate will be the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Bank Rate will be the rounded quotation provided. If no quotations are provided, the Reset Reference Bank Rate will be (i) in the case of each Reset Period other than the Reset Period commencing on the First Reset Note Reset Date, the relevant Mid-Swap Rate or CMT Rate (as applicable) in respect of the immediately preceding Reset Period or (ii) in the case of the Reset Period commencing on the First Reset Note Reset Date, the percentage rate specified hereon as the "First Reset Period Fallback".

"**Reset Reference Banks**" means (i) in the case of the calculation of a Reset Reference Bank Rate where "Mid-Swap Rate" is specified hereon, five leading swap dealers in the principal interbank market relating to the Specified Currency, (ii) in the case of the calculation of a Reset Reference Bank Rate where "CMT Rate" is specified hereon, five banks which are primary U.S. Treasury securities dealers or market makers in pricing corporate bond issues denominated in U.S. dollars in New York or (iii) in the case of a Benchmark Gilt Rate, five brokers of gilts and/or gilt-edged market makers, in each case, as selected by the Issuer in consultation with the Calculation Agent.

"**Reset United States Treasury Securities Quotation**" means, in relation to a Reset Period and the Reset Determination Date in relation to such Reset Period, the rate quoted by a Reset Reference Bank

as being the yield-to-maturity based on the arithmetic mean of the secondary market bid price of such Reset Reference Bank for Reset United States Treasury Securities at approximately 4:30 p.m. (New York City time) on such Reset Determination Date.

"**Reset United States Treasury Securities**" means, on the relevant Reset Determination Date, United States Treasury Securities with an original maturity equal to the CMT Designated Maturity, a remaining term to maturity of no more than one year shorter than the CMT Designated Maturity and in a principal amount equal to an amount that is representative for a single transaction in such United States Treasury Securities in the New York City market. If two United States Treasury Securities have remaining terms to maturity equally close to the duration of the CMT Designated Maturity, the United States Treasury Security with the highest nominal amount outstanding will be used.

"**Screen Page**" means Reuters screen page "ICESWAP1", "ICESWAP2", "ICESWAP3", "ICESWAP4", "ICESWAP5" or "ICESWAP6" as specified hereon or such other page on Thomson Reuters as is specified hereon, or such other screen page as may replace it on Thomson Reuters or, as the case may be, on such other information service that may replace Thomson Reuters, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying comparable rates.

"**Screen Rate Determination**" has the meaning given to it in Condition 4(c).

"**Specified Currency**" means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

"**Subsequent Reset Period**" means each successive period other than the First Reset Period from (and including) a Reset Note Reset Date to (but excluding) the next succeeding Reset Note Reset Date.

"**Subsequent Reset Rate of Interest**" means, in respect of any Subsequent Reset Period, the rate of interest being determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Reset Rate plus the Reset Margin (with such sum converted (if necessary) from a basis equivalent to the Benchmark Frequency to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes during the relevant Subsequent Reset Period (such calculation to be made by the Calculation Agent)).

"**Swap Rate Period**" means the period or periods specified as such hereon.

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System or any successor thereto.

"**United States Treasury Securities**" means securities that are direct obligations of the United States Treasury, issued other than on a discount rate basis.

"**U.S. Government Securities Business Day**" means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

(k) Calculation Agent

The Issuer shall procure that there shall at all times be one or more Calculation Agent(s) if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Trust Deed). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the

Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or Interest Accrual Period or to calculate any Interest Amount or to comply with any other requirement, the Issuer shall (with the prior approval of the Trustee) appoint a leading bank or investment banking firm engaged in the inter-bank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

(l) Benchmark Discontinuation

(i) Independent Adviser

If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to advise the Issuer in determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4(l)(ii)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 4(l)(iv)). In making such determination, the Issuer shall act in good faith. In the absence of bad faith or fraud, the Issuer shall have no liability whatsoever to the Trustee, the Paying Agents, the Noteholders or the Couponholders for any determination made by it, pursuant to this Condition 4(l).

If (i) the Issuer is unable to appoint an Independent Adviser or (ii) the Issuer fails to determine a Successor Rate or, failing which, an Alternative Rate, together with the applicable Adjustment Spread, in accordance with this Condition 4(l)(i) or Condition 4(l)(ii) prior to the relevant Interest Determination Date or Reset Determination Date (as applicable), the Rate of Interest applicable to the next succeeding Interest Period or Interest Accrual Period shall be determined in accordance with Condition 4(c) or the definitions of Benchmark Gilt Rate, Mid-Swap Rate and/or Reset Reference Bank Rate (as the case may be) and Condition 4(d). For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Period or Interest Accrual Period only and any subsequent Interest Periods or Interest Accrual Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 4(l)(i).

(ii) Successor Rate or Alternative Rate

If the Issuer, following consultation with the Independent Adviser, determines that:

(A) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the subsequent operation of this Condition 4(l)); or

(B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the subsequent operation of this Condition 4(l)).

(iii) Adjustment Spread

The applicable Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

(iv) Benchmark Amendments

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 4(l) and the Issuer, following consultation with the Independent Adviser, determines (i) that amendments to these Conditions, the Agency Agreement and/or the Trust Deed are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4(l)(v), without any requirement for the consent or approval of Noteholders, vary these Conditions, the Agency Agreement and/or the Trust Deed to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee of a certificate signed by two Directors of the Issuer pursuant to Condition 4(l)(v), the Trustee shall (at the expense of the Issuer), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a deed supplemental to or amending the Trust Deed), provided that the Trustee shall not be obliged so to concur if in the opinion of the Trustee doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee in these Conditions or the Trust Deed (including, for the avoidance of doubt, any supplemental trust deed) in any way.

In connection with any such variation in accordance with this Condition 4(l)(iv), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

Notwithstanding any other provision of this Condition 4(l), no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as Tier 2 Capital.

(v) Notices, etc.

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 4(l) will be notified promptly by the Issuer to the Trustee, the Calculation Agent, the Paying Agents and, in accordance with Condition 16, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer:

(A) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate, (iii) the applicable Adjustment Spread and (iv) the

specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 4(l); and

(B) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

The Trustee shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Trustee's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Calculation Agent, the Paying Agents and the Noteholders.

(vi) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under Condition 4(l) (i), (ii), (iii) and (iv), the Original Reference Rate and (where relevant) the provisions of Condition 4(c) or the definitions of Benchmark Gilt Rate, Mid-Swap Rate and/or Reset Reference Bank Rate (as the case may be) and Condition 4(d) will continue to apply (i) unless and until a Benchmark Event has occurred and (ii) if a Benchmark Event has occurred, unless and until the Trustee, the Agent and (in accordance with Condition 16) the Noteholders have been notified of the Successor Rate or Alternative Rate (as applicable), the applicable Adjustment Spread and any Benchmark Amendments determined pursuant to this Condition 4(l).

(vii) Definitions:

As used in this Condition 4(l):

"**Adjustment Spread**" means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

(A) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body or (if no such recommendation has been made, or in the case of an Alternative Rate);

(B) the Issuer, following consultation with the Independent Adviser, determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate or (if the Issuer determines that no such spread is customarily applied);

(C) the Issuer, following consultation with the Independent Adviser, determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or

(D) if the Issuer determines that no such industry standard is recognised or acknowledged, the Issuer, in its discretion, following consultation with the Independent Adviser and acting in good faith, determines to be appropriate.

"**Alternative Rate**" means an alternative benchmark or screen rate which the Issuer following consultation with the Independent Adviser determines in accordance with Condition 4(l)(ii) is customarily applied in debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes.

"**Benchmark Amendments**" has the meaning given to it in Condition 4(l)(iv).

"**Benchmark Event**" means:

(A) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist; or

(B) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

(C) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or

(D) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes; or

(E) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or

(F) it has become unlawful for any Paying Agent, the Calculation Agent or the Issuer to calculate any payments due to be made to any Noteholder using the Original Reference Rate;

provided that in the case of sub-paragraphs (B) and (C) above the Benchmark Event shall occur on the date of the cessation of publication of the Original Reference Rate or the date of the discontinuation of the Original Reference Rate, in the case of sub-paragraph (D) above, the Benchmark Event shall occur on the date of prohibition of use of the Original Reference Rate and in the case of sub-paragraph (E) above, the Benchmark Event shall occur on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, as the case may be, and not the date of the relevant public statement.

"**Independent Adviser**" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 4(l)(i).

"**Original Reference Rate**" means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes

or any Successor Rate or Alternative Rate (or component part thereof) determined pursuant to this Condition 4(l).

"**Relevant Nominating Body**" means, in respect of a benchmark or screen rate (as applicable):

(A) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

(B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

"**Successor Rate**" means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

5 Deferral of Payments

(a) Optional Deferral of Interest

If "Optional Interest Payment Date" is specified as being applicable hereon, the Issuer may elect in respect of any Optional Interest Payment Date by notice to the Noteholders, the Paying Agents and the Trustee pursuant to Condition 5(e) below, to defer payment of all (but not some only) of the interest accrued to that date and the Issuer shall not have any obligation to make such payment on that date.

Notwithstanding any other provision in these Conditions or the Trust Deed, the deferral of any payment of interest on an Optional Interest Payment Date in accordance with this Condition 5(a) will not constitute a default by the Issuer and will not give the Noteholders, the Couponholders or the Trustee any right to accelerate repayment of the Notes.

(b) Mandatory Deferral of Interest

Payment of interest on the Notes by the Issuer will be mandatorily deferred on each Regulatory Deficiency Interest Deferral Date. The Issuer shall notify the Noteholders, the Paying Agents and the Trustee of any Regulatory Deficiency Interest Deferral Date in accordance with Condition 5(e) (provided that failure to make such notification shall not oblige the Issuer to make payment of such interest, or cause the same to become due and payable, on such date) and the Issuer shall not have any obligation to make such payment on that date.

A certificate signed by two Directors of the Issuer delivered to the Trustee confirming that (a) a Regulatory Deficiency Interest Deferral Event has occurred and is continuing, or would occur if payment of interest on the Notes were to be made or (b) a Regulatory Deficiency Interest Deferral Event has ceased to occur and/or payment of interest on the Notes would not result in a Regulatory Deficiency Interest Deferral Event occurring, may, in the absence of manifest error, be treated and accepted by the Trustee as correct and sufficient evidence thereof and shall if so treated and accepted be binding on the Issuer, the holders of the Notes and the Coupons relating to them and all other interested parties. The Trustee shall be entitled to rely absolutely on such certificate without liability to any person and without any obligation to verify or investigate the accuracy thereof.

Notwithstanding any other provision in these Conditions or in the Trust Deed, the deferral of any payment of interest on a Regulatory Deficiency Interest Deferral Date in accordance with this Condition 5(b) or in accordance with Condition 3(d) will not constitute a default by the Issuer and will not give Noteholders or the Trustee any right to accelerate repayment of the Notes.

(c) Arrears of Interest

Any interest in respect of the Notes not paid on an Interest Payment Date as a result of (i) the exercise by the Issuer of its discretion pursuant to Condition 5(a) (if applicable), (ii) the obligation on the Issuer to defer pursuant to Condition 5(b) or (iii) the operation of the Solvency Condition contained in Condition 3(d), together with any other interest in respect thereof not paid on an earlier Interest Payment Date shall, so long as the same remains unpaid, constitute "**Arrears of Interest**".

Arrears of Interest shall not themselves bear interest.

(d) Payment of Arrears of Interest by the Issuer

Any Arrears of Interest may (subject to Condition 3(d), the Relevant Rules and, if then required under the Relevant Rules, to satisfaction of the Regulatory Clearance Condition), be paid by the Issuer in whole or in part at any time upon the expiry of not less than 14 days' notice to such effect given by the Issuer to the Trustee, the Paying Agents and the Noteholders in accordance with Condition 16, and in any event will become due and payable by the Issuer (subject, in the case of (i) and (iii) below, to Condition 3(d) and, if then required under the Relevant Rules, to satisfaction of the Regulatory Clearance Condition) in whole (and not in part) upon the earliest of the following dates:

(i) the next Interest Payment Date which is not a Regulatory Deficiency Interest Deferral Date (as evidenced by delivery of the certificate referred to in Condition 5(b)) and on which a scheduled payment of interest in respect of the Notes (or any part thereof) is made or is required to be made pursuant to these Conditions (other than a voluntary payment of Arrears of Interest); or

(ii) the date on which an Issuer Winding-Up occurs; or

(iii) the date fixed for any redemption or purchase of Notes by the Issuer pursuant to Condition 6 (subject to any deferral of such redemption date pursuant to the Solvency Condition or Condition 6(b)) or Condition 10.

If either of the events set out in Condition 5(d)(i) or (iii) occurs the Issuer promptly shall give notice to the Trustee, the Issuing and Paying Agent and the Noteholders in accordance with Condition 16.

(e) Notice of Deferral

The Issuer shall notify the Trustee, the Paying Agents and the Noteholders in writing in accordance with Condition 16 not less than five Business Days prior to an Interest Payment Date:

(i) if that Interest Payment Date is an Optional Interest Payment Date in respect of which the Issuer elects to defer interest as provided in Condition 5(a) above;

(ii) if that Interest Payment Date is a Regulatory Deficiency Interest Deferral Date and specifying that interest will not be paid because a Regulatory Deficiency Interest Deferral Event has occurred and is continuing or would occur if payment of interest was made on such Interest Payment Date, provided that if a Regulatory Deficiency Interest Deferral Event occurs or is determined to occur (or if a determination that a Regulatory Deficiency Interest Deferral Event would occur if the relevant interest payment were to be made is made) less than five Business Days prior to an Interest Payment Date, the Issuer shall give notice of the interest deferral in

accordance with Condition 16 as soon as reasonably practicable following the occurrence of such event (and, in either case, such notice shall specify that interest will not be paid because a Regulatory Deficiency Interest Deferral Event has occurred and is continuing or would occur if payment of interest were made on such Interest Payment Date); or

(iii) if payment of any interest will not become due on such Interest Payment Date as a result of a failure to satisfy the Solvency Condition, provided that if the circumstances resulting in non-satisfaction of the Solvency Condition occur, or are determined to occur, less than five Business Days prior to an Interest Payment Date, the Issuer shall give notice of the interest deferral in accordance with Condition 16 as soon as reasonably practicable following the occurrence of such event (and in either case such notice shall specify that interest will not be paid as a result of non-satisfaction of the Solvency Condition).

6 Redemption, Substitution, Variation, Purchase and Options

(a) Redemption at Maturity

Subject to Conditions 3(d), 6(b) and 6(i), unless previously redeemed or purchased and cancelled as provided below, if a Maturity Date is specified hereon, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided hereon, is its principal amount), together with any interest accrued to (but excluding) the date of redemption in accordance with these Conditions and any Arrears of Interest.

(b) Deferral of redemption date

(i) No Notes shall be redeemed on the Maturity Date (if any) pursuant to Condition 6(a) or redeemed prior to the Maturity Date (if any) pursuant to Condition 6(c), 6(d), 6(e) or 6(f) or purchased pursuant to Condition 6(g) if a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or would occur if redemption or purchase were made on, if Condition 6(a) applies, the Maturity Date or, if Condition 6(c), 6(d), 6(e) or 6(f) applies, any date specified for redemption in accordance with such Conditions or, if Condition 6(g) applies, the date of such purchase.

(ii) If the Notes are not to be redeemed on the Maturity Date (if any) pursuant to Condition 6(a) or on any redemption date pursuant to Condition 6(c), 6(d), 6(e) or 6(f) (as applicable) as a result of circumstances where:

(A) a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or would occur if the Notes were redeemed on such date;

(B) the Solvency Condition would not be satisfied on such date or immediately after the redemption; or

(C) the Regulatory Clearance Condition is not satisfied (to the extent then required under the Relevant Rules) in relation to such redemption; and/or

(D) such redemption otherwise cannot be effected in compliance with the Relevant Rules on such date,

the Issuer shall notify the Trustee and the Issuing and Paying Agent in writing and notify the Noteholders in accordance with Condition 16 no later than five Business Days prior to the Maturity Date (if any) or the date specified for redemption in accordance with Condition 6(c), 6(d), 6(e) or 6(f), as applicable, (or as soon as reasonably practicable if the relevant

circumstance requiring redemption to be deferred arises, or is determined, less than five Business Days prior to the relevant redemption date).

Failure to make any such notification shall not cause the Notes to become due and payable on such date and the Issuer shall not have any obligation to redeem the Notes (or make any redemption payment in respect of the Notes) on that date.

(iii) If redemption of the Notes does not occur on the Maturity Date (if any) or, as appropriate, the date specified in the notice of redemption by the Issuer under Condition 6(c), 6(d), 6(e) or 6(f) as a result of Condition 6(b)(i) above or Condition 6(i) below, subject (in the case of (A) and (B) only) to Condition 3(d) and to the Regulatory Clearance Condition (if then applicable in accordance with the Relevant Rules) and to such redemption being otherwise permitted under the Relevant Rules, such Notes shall be redeemed at their Final Redemption Amount (which, unless otherwise provided hereon, shall be their principal amount) or, as applicable, the relevant price specified in Condition 6(c), (d), (e) or (f) together with accrued and unpaid interest to (but excluding) the date fixed for redemption and any Arrears of Interest, upon the earliest of:

(A) in the case of a failure to redeem due to the operation of Condition 6(b)(i) only, the date falling 10 Business Days after the date the Regulatory Deficiency Redemption Deferral Event has ceased (unless, on such tenth Business Day, a further Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or redemption of the Notes on such date would result in a Regulatory Deficiency Redemption Deferral Event occurring, in which case the provisions of this Condition 6(b) shall apply *mutatis mutandis* to determine the due date for redemption of the Notes); or

(B) the date falling 10 Business Days after the relevant regulatory approval for the repayment or redemption of the Notes (where such approval is required under the Relevant Rules) is received; or

(C) the date on which an Issuer Winding-Up occurs.

(iv) If on any date Condition 6(b)(i) does not apply, but redemption of the Notes does not occur on the Maturity Date or, as appropriate, the date specified in the notice of redemption by the Issuer under Condition 6(c), (d), (e) or (f) as a result of the non-satisfaction of the Solvency Condition, subject to Condition 6(i), such Notes shall be redeemed at their Final Redemption Amount (which, unless otherwise provided hereon, shall be their principal amount) or, as applicable, the relevant price specified in Condition 6(c), (d), (e) or (f) together with accrued but unpaid interest and any Arrears of Interest on the tenth Business Day immediately following the day that (A) the Issuer is solvent for the purposes of Condition 3(d) and (B) that redemption of the Notes would not result in the Issuer ceasing to be solvent for the purposes of Condition 3(d), provided that if on such Business Day specified for redemption a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing, or would occur if the Notes were to be redeemed then the Notes shall not be redeemed on such date and Conditions 3(d) and 6(b)(iii) shall apply, *mutatis mutandis*, to determine the date of the redemption of the Notes.

(v) In addition to any certificate given pursuant to Condition 3(d) in relation to the satisfaction or otherwise of the Solvency Condition, a certificate signed by two Directors of the Issuer delivered to the Trustee confirming that (A) a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing, or would occur if redemption of the Notes were to be made or (B) a Regulatory Deficiency Redemption Deferral Event has ceased to occur and/or redemption of the Notes would not result in a Regulatory Deficiency Redemption Deferral

Event occurring or (C) that any circumstance described in Condition 6(b)(ii)(B) or (C) applies, may (in the absence of manifest error) be treated and accepted by the Trustee as correct and sufficient evidence thereof and shall if so treated and accepted be binding on the Noteholders, the Couponholders and all other interested parties. The Trustee shall be entitled to rely absolutely on such certificate without liability to any person and without any obligation to verify or investigate the accuracy thereof.

(vi) In circumstances where redemption of the Notes has been deferred, the Issuer shall, as soon as reasonably practicable following its determination of the new scheduled redemption date in accordance with this Condition 6(b), give notice to the Trustee and to the Noteholders in accordance with Condition 16 of the new scheduled redemption date (but this shall be without prejudice to further deferral of redemption on such date in the circumstances required by these Conditions).

(vii) Notwithstanding any other provision in these Conditions or in the Trust Deed, the deferral of redemption of the Notes in accordance with Condition 3(d) or this Condition 6(b) will not constitute a default by the Issuer and will not give Noteholders or the Trustee any right to accelerate the Notes or take any enforcement action under the Notes or the Trust Deed.

(c) Redemption at the Option of the Issuer

Unless the Issuer shall have given notice to redeem the Notes under Condition 6(d), 6(e) or 6(f) on or prior to the expiration of the notice referred to below, and if "Call Option" is specified hereon, the Issuer may at its option, subject to Conditions 3(d), 6(b) and 6(i) and having given not less than 30 nor more than 60 days' notice (or such other notice period as may be specified hereon) to the Trustee, the Issuing and Paying Agent, the Registrar and, in accordance with Condition 16, the Noteholders (which notice shall specify the date set for redemption and shall, subject as aforesaid, be irrevocable) redeem all (but not some only) of the Notes on any Optional Redemption Date specified hereon.

Any such redemption of Notes shall be at their Optional Redemption Amount (as may be provided for hereon) together with any accrued and unpaid interest to (but excluding) the date fixed for redemption in accordance with these Conditions and any Arrears of Interest.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 6(c).

(d) Redemption, Substitution or Variation at the Option of the Issuer for Taxation Reasons

Subject to Conditions 3(d), 6(b) and 6(i), if the Issuer satisfies the Trustee immediately before the giving of the notice referred to below that:

(i) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction, or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective on or after the Issue Date or, if any further Tranche(s) of the Notes has or have been issued pursuant to Condition 15 and consolidated to form a single series with the Notes, the issue date of the last Tranche of the relevant Series (a) on the next Interest Payment Date, the Issuer will or would be required to pay Additional Amounts; or (b) the Issuer would not be able to claim a deduction from taxable profits for corporation tax purposes for or in respect of interest payable on the Notes (or for a material part of such interest) in the United Kingdom; or (c) the Issuer suffers or would suffer any other material adverse tax consequence in connection with the Notes in a Relevant

Jurisdiction; (each of the events referred to in this Condition 6(d)(i) being referred to in these Conditions as a "**Tax Event**"); and

(ii) the effect of the foregoing cannot be avoided by the Issuer taking reasonable measures available to it,

the Issuer may at its option (without any requirement for the consent or approval of the Noteholders) and having given not less than 30 nor more than 60 days' notice to the Trustee, the Issuing and Paying Agent, the Registrar and, in accordance with Condition 16, the Noteholders (which notice shall specify the date set for redemption and shall, subject as aforesaid, be irrevocable) either:

(A) redeem all (but not some only) of the Notes, at any time or, if and for so long as the Note is a Floating Rate Note, on any Interest Payment Date, at their Special Redemption Price (which, unless otherwise specified hereon, shall be their principal amount) together with any Arrears of Interest and any other accrued and unpaid interest to (but excluding) the date of redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which (x) with respect to Condition 6(d)(i)(a) above, the Issuer would be obliged to pay such additional amounts; (y) with respect to Condition 6(d)(i)(b) above, the Issuer would not be able to claim a deduction from taxable profits for corporation tax purposes for or in respect of interest payable on the Notes (or a material part of it would not be so deductible) in the United Kingdom, as referred to in Condition 6(d)(i)(b) above; or (z) with respect to Condition 6(d)(i)(c) above, the relevant adverse tax consequence would arise or be suffered, in each case were a payment in respect of the Notes then due; or

(B) substitute at any time all (but not some only) of the Notes for, or vary at any time the terms of the Notes so that they become or remain, Qualifying Securities, and the Trustee shall (subject to the receipt by it of the certificates of the Directors referred to in Condition 6(i)(i) below and in the definition of "Qualifying Securities") agree to such substitution or variation.

Subject as aforesaid, upon expiry of such notice the Issuer shall either redeem, vary or substitute the Notes, as the case may be.

(e) Redemption, Substitution or Variation at the Option of the Issuer due to Capital Disqualification Event

Subject to Conditions 3(d), 6(b) and 6(i), if a Capital Disqualification Event has occurred and is continuing, then the Issuer may at its option, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 16, the Trustee, the Issuing and Paying Agent and the Registrar, which notice shall specify the date set for redemption and shall (subject as aforesaid) be irrevocable, either:

(i) redeem all (but not some only) of the Notes, at any time or, if and for so long as the Note is a Floating Rate Note, on any Interest Payment Date, at their Special Redemption Price (which, unless otherwise specified hereon, shall be their principal amount) together with any Arrears of Interest and any other accrued and unpaid interest to (but excluding) the date of redemption; or

(ii) substitute at any time all (but not some only) of the Notes for, or vary the terms of the Notes so that they become or remain Qualifying Securities and the Trustee shall (subject to the receipt by

it of the certificates of the Directors referred to in Condition 6(i)(i) below and in the definition of "Qualifying Securities") agree to such substitution or variation,

provided, however, that no such notice of redemption, substitution or variation shall be given more than 12 months following the occurrence of the relevant Capital Disqualification Event.

Subject as aforesaid, upon expiry of such notice the Issuer shall either redeem, vary or substitute the Notes, as the case may be.

(f) Redemption, Substitution or Variation at the Option of the Issuer for Rating Reasons

Subject to Conditions 3(d), 6(b) and 6(i), if "Ratings Methodology Call" is specified as being applicable hereon and a Ratings Methodology Event has occurred and is continuing, or the Issuer satisfies the Trustee that, as a result of any change in, or amendment to, or any change in the application of, any applicable methodology of the Rating Agency, a Ratings Methodology Event will occur within a period of six months, then the Issuer may at its option, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 16, the Trustee, the Issuing and Paying Agent and the Registrar, which notice shall specify the date set for redemption and shall (subject as aforesaid) be irrevocable, either:

(i) redeem all (but not some only) of the Notes, at any time or, if and for so long as the Note is a Floating Rate Note, on any Interest Payment Date, at their Special Redemption Price (which, unless otherwise specified hereon, shall be their principal amount), together with any Arrears of Interest and any other accrued and unpaid interest to (but excluding) the date of redemption; or

(ii) substitute at any time all (but not some only) of the Notes for, or vary the terms of the Notes so that they become or remain Rating Agency Compliant Securities, and the Trustee shall (subject to the receipt by it of the certificates of the Directors referred to in Condition 6(i)(i) below and in the definition of "Rating Agency Compliant Securities") agree to such substitution or variation,

provided, however, that no such notice of redemption, substitution or variation shall be given more than 12 months following the occurrence of the relevant Ratings Methodology Event.

Subject as aforesaid, upon expiry of such notice the Issuer shall either redeem, vary or substitute the Notes, as the case may be.

(g) Purchases

Subject to Conditions 3(d), 6(b) and 6(i), the Issuer and any of the Issuer's Subsidiaries may at any time purchase Notes (provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in any manner and at any price.

(h) Cancellation

All Notes purchased by or on behalf of the Issuer or any Subsidiary of the Issuer may be held, reissued, resold or surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so redeemed or surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes and Coupons shall be discharged.

(i) ***Pre-conditions to Redemption, Substitution, Variation or Purchase***

(i) Prior to the publication of any notice of redemption, variation or substitution pursuant to Condition 6(d), 6(e) or 6(f), the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer stating that:

(A) a Tax Event will have occurred and be continuing on the next Interest Payment Date and cannot be avoided by the Issuer taking reasonable measures available to it; or

(B) a Capital Disqualification Event has occurred and is continuing as at the date of the certificate; or

(C) a Ratings Methodology Event has occurred and is continuing as at the date of the certificate.

In the case of (A) above, the Issuer shall also deliver to the Trustee an opinion from a nationally recognised law firm or other tax adviser in the applicable Relevant Jurisdiction experienced in such matters to the effect that the relevant Tax Event will have occurred and be continuing on the next Interest Payment Date.

The Trustee shall be entitled to accept such certificate and (in the case of (A) above) opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event they shall be conclusive and binding on the Issuer, the Trustee, the Noteholders, the Couponholders and all other interested parties. The Trustee shall be entitled to rely absolutely on such certificate and (in the case of (A) above) opinion without liability to any person and without any obligation to verify or investigate the accuracy thereof.

(ii) The Issuer may not redeem, purchase, substitute or vary any Notes unless the following conditions are satisfied:

(A) the Issuer and the Insurance Group being in continued compliance with the Regulatory Capital Requirements (if any) applicable to them;

(B) the Issuer having complied with the Regulatory Clearance Condition;

(C) (to the extent then required under the Relevant Rules or by the PRA) in the case of any redemption or purchase of the Notes prior to the Capital Replacement End Date (being the fifth anniversary of the Issue Date or, if any further Tranche(s) of the Notes has or have been issued pursuant to Condition 15 and consolidated to form a single series with the Notes, the issue date of the last Tranche of the relevant Series or, in either case, such later date otherwise specified hereon), either

1. in the case of any redemption pursuant to Condition 6(d) or 6(e), the PRA being satisfied that the Solvency Capital Requirement will be exceeded by an appropriate margin immediately after such redemption or purchase (taking into account the solvency position of the Issuer and the Insurance Group, including by reference to the Issuer's and the Insurance Group's medium-term capital management plans); or

2. in the case of any redemption or purchase, such redemption or purchase being funded (to the extent then required by the PRA pursuant to the Relevant Rules) out of the proceeds of a new issuance of or the Notes being exchanged into, own funds of the same or higher quality than the Notes (being capital with the

necessary features of Tier 2 Capital) or a better quality form of regulatory capital and being otherwise permitted under the Relevant Rules;

(D) (to the extent then required under the Relevant Rules or by the PRA) in the case of any redemption or purchase of the Notes prior to the Capital Replacement End Date (being the fifth anniversary of the Issue Date or, if any further Tranche(s) of the Notes has or have been issued pursuant to Condition 15 and consolidated to form a single series with the Notes, the issue date of the last Tranche of the relevant Series or, in either case, such later date otherwise specified hereon)

1. in the case of any such redemption following the occurrence of a Tax Event, the Issuer having demonstrated to the satisfaction of the PRA that the applicable change in tax treatment is material; or

2. in the case of any such redemption following the occurrence of a Capital Disqualification Event, the PRA considering that the relevant change in the regulatory classification of the Notes is sufficiently certain; and

3. in either case, the Issuer having demonstrated to the satisfaction of the PRA that such change was not reasonably foreseeable as at the Issue Date (or, if any further tranche(s) of the Notes has or have been issued pursuant to Condition 15 and consolidated to form a single series with the Notes, the issue date of the last tranche of the Notes); and

(E) compliance with any other applicable requirements of the Relevant Rules regarding redemption, purchase, substitution or variation (as the case may be) of the Notes.

Notwithstanding the above conditions, if, at the time of any redemption, substitution, variation or purchase, the prevailing Relevant Rules permit the repayment, substitution, variation or purchase only after compliance with one or more alternative or additional pre-conditions to those set out above in this Condition 6(i), the Issuer shall comply with such other and/or, as appropriate, additional pre-condition(s).

The Trustee shall be entitled to accept a certificate from any two Directors of the Issuer to the Trustee confirming whether or not any such compliance is required by the Relevant Rules and, if so, confirming compliance with the relevant requirements shall if so accepted by the Trustee be conclusive and binding on the Issuer, the Noteholders, the Couponholders and all other interested parties. The Trustee shall be entitled to accept such certificate as sufficient evidence of such compliance and shall be entitled to rely absolutely on such certificate without liability to any person and without any obligation to verify or investigate the accuracy thereof.

(j) Trustee role on redemption, variation or substitution; Trustee not obliged to monitor

(i) Subject to Condition 6(i), the Trustee shall (at the expense of the Issuer) use its reasonable endeavours to co-operate with the Issuer (including, but not limited to, entering into such documents or deeds as may be necessary) to give effect to the substitution or variation of the Notes for or into Qualifying Securities or Rating Agency Compliant Securities (as applicable) pursuant to this Condition 6, provided that the Trustee shall not be obliged to co-operate in any such substitution or variation if the securities resulting from such substitution or variation, or the co-operation in such substitution or variation, imposes, in the Trustee's opinion, more onerous obligations upon it or exposes it to liabilities or reduces its protections, in each case as compared with the corresponding obligations, liabilities or, as appropriate, protections under the

Notes. If the Trustee does not so co-operate as provided above, the Issuer may, subject as provided above, redeem the Notes as provided in this Condition 6.

(ii) The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists for the purposes of this Condition 6 and will not be responsible to Noteholders or the Couponholders for any loss arising from any failure by it to do so. Unless and until the Trustee has express notice pursuant to these Conditions or the Trust Deed of the occurrence of any event or circumstance to which this Condition 6 relates, it shall be entitled to assume that no such event or circumstance exists or has arisen.

(k) Compliance with stock exchange rules

In connection with any substitution or variation of the Notes in accordance with this Condition 6, the Issuer shall comply with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or admitted to trading.

7 Payments and Talons

(a) Bearer Notes

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Notes (in the case of all payments of principal and, in the case of interest, as specified in Condition 7(f)(v)) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii)), as the case may be, at the specified office of any Paying Agent outside the U.S. by transfer to an account denominated in such currency with, a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

(b) Registered Notes

(i) Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 7(b)(ii) below.

(ii) Interest on Registered Notes shall be paid to the person shown on the Register (i) where all or any of the Registered Notes are represented by a Global Certificate, at the close of the business day (being for this purpose a day on which Euroclear and/or Clearstream, Luxembourg, as applicable, are open for business) before the due date for payment thereof, and (ii) where none of the Registered Notes is represented by a Global Certificate at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Registered Note shall be made in the relevant currency and to the holder (or to the first named of joint holders) of such Note by transfer to an account in the relevant currency maintained by the payee with a bank.

(c) Payments in the U.S.

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the U.S. with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar

restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by U.S. law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(d) Payments subject to Fiscal Laws

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto.

(e) Appointment of Agents

The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer (for all purposes other than ISDA Determination for Floating Rate Notes, where the Calculation Agent will be specified in the Final Terms or Pricing Supplement, as applicable) and their respective specified offices are listed above. Subject as provided in the Agency Agreement, the Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents, Calculation Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, and (v) a Paying Agent.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in Condition 7(c).

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified hereon.

(f) Unmatured Coupons and unexchanged Talons

(i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes (other than any Fixed Rate Notes where the total value of the unmatured coupons appertaining thereto exceeds the nominal amount of such Note) such Notes should be surrendered for payment together with all unmatured Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Optional Redemption Amount or Special Redemption Price as the case may be and as may be provided for hereon, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

(ii) Upon the due date for redemption of any Bearer Note comprising a Fixed to Floating Rate Note, a Fixed Rate Reset Note or a Floating Rate Note or (where the total value of the unmatured coupons exceeds the nominal amount of such Note) a Fixed Rate Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Where any Bearer Note that provides that the relevant unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(v) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date (if one is specified hereon) shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) Talons

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(h) Non-Business Days

If any date for payment in respect of any Note or Coupon is not a Business Day, the holder shall not be entitled to payment until the next following Business Day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "**Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "Additional Financial Centres" hereon and:

(i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or

(ii) (in the case of a payment in euro) which is a TARGET Business Day.

8 Taxation

All payments of principal, interest and Arrears of Interest by or on behalf of the Issuer in respect of the Notes and the Coupons shall be made free and clear of, and without withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by a Relevant Jurisdiction, unless such withholding or deduction is required by law. In

that event, the Issuer shall pay such additional amounts in relation to interest and Arrears of Interest (but not principal) as shall result in receipt by the Noteholders and Couponholders of such amounts as would have been received by them in respect of payments of interest and Arrears of Interest had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note or Coupon:

(i) ***Other connection:*** presented for payment by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with the Relevant Jurisdiction other than the mere holding of the Note or Coupon; or

(j) ***Lawful avoidance of withholding:*** presented for payment by, or by a third party on behalf of, a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Note (or the Certificate representing it) or Coupon is presented for payment; or

(k) ***Presentation more than 30 days after the Relevant Date:*** presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth day after the Relevant Date; or

(l) ***Any combination:*** where such withholding or deduction arises out of any combination of paragraphs (a) to (c) above.

As used in these Conditions, "**Relevant Date**" in respect of any Note or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relevant Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

References in these Conditions to (i) "**principal**" shall be deemed to include any premium payable in respect of the Notes, Final Redemption Amount, Optional Redemption Amount or Special Redemption Price and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and any additional amounts that may be payable under this Condition 8 or under any undertakings given in addition to, or in substitution for, it pursuant to the Trust Deed ("**Additional Amounts**").

9 Prescription

Claims against the Issuer for payment in respect of principal, interest and Arrears of Interest payable on the Notes and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest or Arrears of Interest) from the appropriate Relevant Date in respect of them.

10 Enforcement

(a) Rights to institute and/or prove in a winding-up

Unless an Issuer Winding-Up has occurred, no amount shall be due from the Issuer in those circumstances where payment of such amount could not be made in compliance with the Solvency Condition or is deferred in accordance with Condition 5(a) (if applicable), 5(b), 6(b) or 6(i).

If default is made by the Issuer for a period of 14 days or more in the payment of any amount due in respect of the Notes or any of them, subject to Conditions 3(d), 5(a) (if applicable), 5(b), 6(b) or 6(i), the Trustee at its discretion may, and if so requested by Noteholders of at least one-fifth in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (but in each case subject to it having been indemnified and/or secured and/or pre-funded to its satisfaction) institute proceedings for the winding-up of the Issuer.

In the event of an Issuer Winding-Up (whether or not instituted by the Trustee pursuant to the foregoing), the Trustee in its discretion may, and if so requested by Noteholders of at least one-fifth in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (but in each case subject to it having been indemnified and/or secured and/or pre-funded to its satisfaction), prove and/or claim in such Issuer Winding-Up, such claim being for the Final Redemption Amount, together with any Arrears of Interest and any other unpaid interest, with such claim subordinated as contemplated in Condition 3(b) but may take no further or other action to enforce, prove or claim for any payment by the Issuer in respect of the Notes, the Coupons or the Trust Deed.

(b) Enforcement

Without prejudice to Condition 10(a), the Trustee may at its discretion and without further notice institute such proceedings or take such steps or actions against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Trust Deed, the Notes or the Coupons (other than any payment obligation of the Issuer under or arising from the Notes, the Coupons or the Trust Deed, including any payment of damages awarded for breach of any obligations thereunder) but in no event shall the Issuer, by virtue of the institution of any such proceedings or the taking of such steps or actions, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it. Nothing in this Condition 10(b) shall, however, prevent the Trustee, the Noteholders or the Couponholders from pursuing the remedies to which they are entitled pursuant to Condition 10(a).

(c) Entitlement of Trustee

The Trustee shall not be bound to take any of the actions referred to in Condition 10(a) or 10(b) above against the Issuer to enforce the terms of the Trust Deed, the Notes or the Coupons or any other action under or pursuant to the Trust Deed unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or requested in writing by the holders of at least one fifth in principal amount of the Notes then outstanding and (b) it shall have been indemnified and/or secured and/or pre funded to its satisfaction.

(d) Right of Noteholders and Couponholders

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer or to institute proceedings for the winding-up or claim in the liquidation of the Issuer or to prove in such winding-up unless the Trustee, having become so bound to proceed or being able to prove in such winding-up or claim in such liquidation, fails to do so within a reasonable period and such failure shall be continuing,

in which case the Noteholders and the Couponholders shall have only such rights against the Issuer as those which the Trustee is entitled to exercise as set out in this Condition 10.

(e) Extent of Noteholders and Couponholders' remedies

No remedy against the Issuer, other than as referred to in this Condition 10, shall be available to the Trustee, the Noteholders or the Couponholders, whether for the recovery of amounts owing in respect of the Notes, the Coupons or under the Trust Deed or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Notes or the Coupons or under the Trust Deed.

Nothing in the Trust Deed or these Conditions shall affect or prejudice the payment of the costs, fees, charges, expenses, liabilities or remuneration of the Trustee under the Trust Deed or the rights and remedies of the Trustee in respect thereof.

11 Meetings of Noteholders, Modification, Waiver and Substitution

(a) Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution (as defined in the Trust Deed) of any of these Conditions or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer, the Trustee or Noteholders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding. The quorum at any meeting convened to consider an Extraordinary Resolution shall be one or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons holding or representing Noteholders whatever the principal amount of the Notes held or represented, except that, at any meeting the business of which falls within the proviso to paragraph 2 of Schedule 3 to the Trust Deed, the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, of the principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Trust Deed also provides that a written resolution executed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes outstanding or consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of holders of not less than 75 per cent. in principal amount of the Notes outstanding who would have been entitled to vote upon it if it had been proposed at a meeting at which they were present shall take effect as if it were an Extraordinary Resolution. A resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

The agreement or approval of the Noteholders shall not be required in the case of any variation of these Conditions and/or the Trust Deed required to be made in connection with the substitution or variation of the Notes pursuant to Condition 6(d), 6(e) or 6(f) or any consequential amendments to these Conditions and/or the Trust Deed approved by the Trustee in connection with a substitution of the Issuer.

(b) Modification of the Trust Deed

In addition to the requirements of Conditions 6(d), 6(e), 6(f) and 12, the Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed: (i) which is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders or (ii) which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error. For the avoidance of doubt, such power shall not extend to any such modification as mentioned in the proviso to paragraph 2 of Schedule 3 to the Trust Deed unless required for the substitution or variation of the Notes pursuant to Condition 6(d), 6(e), 6(f) or any consequential amendments to these Conditions and/or the Trust Deed approved by the Trustee in connection with a substitution of the Issuer.

The agreement or approval of the Noteholders shall not be required in the case of any Benchmark Amendments required by the Issuer pursuant to Condition 4(l).

(c) Trustee to have regard to interests of Noteholders as a class

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution of obligor), the Trustee shall have regard to the general interests of the Noteholders and Couponholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders except to the extent provided for in Condition 8 and/or any undertaking given in addition to, or in substitution for, Condition 8 pursuant to the Trust Deed.

(d) Notification to the Noteholders

Any modification, abrogation, waiver, authorisation, determination or substitution pursuant to this Condition 11 shall be binding on the Noteholders and the Couponholders and, unless the Trustee agrees otherwise, shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 16.

(e) Notice to the PRA

No modification to these Conditions or any other provisions of the Trust Deed shall become effective unless the Issuer shall have first satisfied the Regulatory Clearance Condition.

12 Substitution

(a) Discretion to agree to substitution

The Trust Deed contains provisions permitting the Trustee to agree, subject to (a) such substitution not being, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders, (b) certain additional conditions set out in the Trust Deed being satisfied (including no negative rating event with respect to the Notes) and (c) such amendment of these Conditions, the Trust Deed and such

other conditions as the Trustee may require, but without the consent of the Noteholders or Couponholders:

(i) to the substitution of a successor in business of the Issuer in place of the Issuer or any previous substitute under this Condition 12 as principal debtor under the Trust Deed and the Notes; or

(ii) to the substitution of the Insurance Group Parent Entity in place of the Issuer or any previous substitute under this Condition 12 as principal debtor under the Trust Deed and the Notes; or

(iii) (subject to the Notes being unconditionally and irrevocably guaranteed on a subordinated basis by the Issuer), to the substitution of a Subsidiary or parent company of the Issuer or its successor in business in place of the Issuer or any previous substitute under this Condition 12 as principal debtor under the Trust Deed and the Notes,

any such substitute being a "**Substituted Obligor**".

Any such substitution shall be subject to the Issuer having complied with the Regulatory Clearance Condition.

(b) Change of law

In the case of any substitution pursuant to this Condition 12, the Trustee may agree, without the consent of the Noteholders, to a change of the law governing the Notes and/or the Trust Deed, provided that such change or the substitution would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

(c) Notice to Noteholders

The Issuer will give notice of any substitution pursuant to this Condition 12 to Noteholders in accordance with Condition 16 as soon as reasonably practicable following such substitution.

13 Indemnification of the Trustee and its Contracting with the Issuer

(a) Indemnification and protection of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility and liability towards the Issuer, the Noteholders and the Couponholders, including (i) provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction and (ii) provisions limiting or excluding its liability in certain circumstances. The Trust Deed provides that, when determining whether an indemnity or any security or pre-funding is satisfactory to it, the Trustee shall be entitled (i) to evaluate its risk in any given circumstance by considering the worst-case scenario and (ii) to require that any indemnity or security given to it by the Noteholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.

(b) ***Trustee contracting with the Issuer***

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (i) to enter into business transactions with the Issuer and/or any of the Issuer's Subsidiaries and/or any Substituted Obligor and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of the Issuer's Subsidiaries and/or any Substituted Obligor, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such

transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders, and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

(c) Reports and certificates

The Trust Deed provides that the Trustee may rely and act upon the advice, opinion or report of or any information obtained from any lawyer, valuer, accountant (including the auditors of the Issuer), surveyor, banker, broker, auctioneer, or other expert (whether obtained by the Issuer, the Trustee or otherwise, whether or not addressed to the Trustee, and whether or not the advice, opinion, report or information, or any engagement letter or other related document, contains a monetary or other limit on liability or limits the scope and/or basis of such advice, opinion, report or information). The Trustee may also rely and act upon certificates and/or information addressed to it from, or delivered by, the Issuer, any Substituted Obligor or any one or more Directors of the Issuer or any Substituted Obligor or any of their respective auditors, liquidators, administrators or other insolvency officials. The Trustee will not be responsible to anyone for any liability occasioned by so relying and acting. Any such advice, opinion, information or certificate may be sent or obtained by letter, email, electronic communication or fax and the Trustee shall not be liable for acting in good faith on any advice, opinion, information or certificate purporting to be conveyed by such means even if it contains an error or is not authentic.

14 Replacement of Notes, Certificates, Coupons and Talons

If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent. as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

15 Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the amount and date of the first payment of interest on them and the date from which interest starts to accrue) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any Series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Issue Date shall be to the Issue Date of the first Tranche of Notes of any Series. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition 15 and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any Series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed. The Trust Deed contains provisions for

convening a single meeting of the Noteholders and the holders of securities of other Series where the Trustee so decides.

16 Notices

Notices to the holders of Registered Notes shall be valid if mailed to them at their respective addresses in the Register and deemed to be given on the fourth weekday (being a day other than a Saturday or Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*). The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or any other relevant authority on which the Notes are for the time being listed. If in the opinion of the Trustee any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above. The Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders if, in its sole opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchange on which the relevant Notes are then admitted to trading and provided that notice of such other method is given to the Noteholders in such manner as the Trustee shall require.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition 16.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Issuing and Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes).

17 Contracts (Rights of Third Parties) Act 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term or condition of the Notes, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

18 Definitions

As used herein:

"**2025 Notes**" has the meaning given to it in Condition 3(b);

"**Additional Amount**" has the meaning given to it in Condition 8;

"**Additional Financial Centres**" has the meaning given to it in the relevant Final Terms or Pricing Supplement;

"**Agency Agreement**" has the meaning given in the preamble to these Conditions;

"**Arrears of Interest**" has the meaning given to it in Condition 5(c);

"**Assets**" means the unconsolidated gross assets of the Issuer as shown in the latest published audited balance sheet of the Issuer but adjusted for contingencies and subsequent events, all in such manner as the Directors may determine;

"**Bearer Notes**" has the meaning given to it in Condition 1;

"**Calculation Agent(s)**" has the meaning given in the preamble to the Conditions or, in the case of Condition 4(c)(iii)(A), as defined therein;

"**Call Option**" has the meaning given to it in the relevant Final Terms or Pricing Supplement;

a "**Capital Disqualification Event**" shall be deemed to have occurred if, at any time, as a result of any change to the Relevant Rules (or change to the interpretation of the Relevant Rules by any court or authority entitled to do so) the whole or any part of the principal amount of the Notes is no longer capable of counting as Tier 2 Capital for the purposes of (i) the Issuer on a solo, group or consolidated basis or (ii) the Insurance Group on a group or consolidated basis, except where such non-qualification is only as a result of any applicable limitation on the amount of such capital (other than a limitation derived from any transitional or grandfathering provisions under the Relevant Rules);

"**Capital Replacement End Date**" has the meaning given to it in the Final Terms or Pricing Supplement;

"**Certificates**" has the meaning given in Condition 1;

"**Compulsory Interest Payment Date**" means any Interest Payment Date (i) in respect of which during the immediately preceding six month period a Compulsory Interest Payment Event has occurred; (ii) on which the relevant interest payment can be made in compliance with the Solvency Condition; and (iii) which is not a Regulatory Deficiency Interest Deferral Date;

"**Compulsory Interest Payment Event**" means:

(a) any declaration, payment or making of a dividend or distribution by the Issuer to its ordinary shareholders; or

(b) any declaration, payment or making of a dividend, distribution or coupon on any other Junior Obligations of the Issuer, except where such dividend, distribution or coupon was required to be declared, paid or made under, or in accordance with, their terms; or

(c) any repurchase by the Issuer of any of its ordinary shares for cash, provided such repurchase is not made in the ordinary course of business of the Issuer in connection with any share option scheme or share ownership scheme for management or employees of the Issuer or management or employees of affiliates of the Issuer; or

(d) any redemption or purchase by the Issuer or any Subsidiary of the Issuer of any other Junior Obligations of the Issuer for cash, except (i) a redemption required to be effected under, or in accordance with, their terms and/or (ii) any purchase by a Subsidiary of the Issuer where neither the Issuer nor the Insurance Group Parent Entity has operational control over the investment activities thereof and where such purchase is not made at the direction of, or for the benefit of, the Issuer;

"**Couponholders**" has the meaning given in the preamble to these Conditions;

"**Coupons**" has the meaning given in the preamble to these Conditions;

"**Directors**" means the directors of the Issuer or a Substituted Obligor (as the case may be) from time to time;

"**EIOPA**" means the European Insurance and Occupational Pensions Authority;

"**European Economic Area**" or "**EEA**" means the countries comprising the European Union together with Norway, Liechtenstein and Iceland;

"**Extraordinary Resolution**" has the meaning given in the Trust Deed;

"**Final Redemption Amount**" has the meaning given to it in the relevant Final Terms or Pricing Supplement;

In setting the Final Redemption Amount the Issuer shall have consideration to the limitations set out in any Relevant Rules.

"**Group Insurance Undertaking**" means an insurance undertaking whose data is included for the purposes of the calculation of the Solvency Capital Requirement of the Insurance Group pursuant to the Relevant Rules;

"**Holder**" has the meaning given to it in Condition 1;

"**Insolvent Insurer Winding-up**" means:

(a) the winding-up of any Group Insurance Undertaking; or

(b) the appointment of an administrator of any Group Insurance Undertaking,

in each case where the Issuer has determined, acting reasonably, that all Policyholder Claims of the policyholders or beneficiaries under contracts of insurance of that Group Insurance Undertaking may or will not be met in full;

"**Insurance Group**" means the Insurance Group Parent Entity and its Subsidiaries;

"**Insurance Group Parent Entity**" means the Issuer or any Subsidiary or parent company of the Issuer which from time to time constitutes the highest entity in the relevant insurance group for which supervision of group capital resources or solvency is required (whether or not such requirement is waived in accordance with the Relevant Rules) pursuant to the Regulatory Capital Requirements in force from time to time;

As at the date of this Prospectus, the Insurance Group Parent Entity is the Issuer.

"**insurance undertaking**" has the meaning given to it in the Solvency II Directive;

"**Interest Basis**" has the meaning given to it in the relevant Final Terms or Pricing Supplement;

"**Interest Commencement Date**" has the meaning given to it in the relevant Final Terms or Pricing Supplement;

"**Issue Date**" has the meaning given in the preamble of these Conditions;

"**Issuer**" has the meaning given in the preamble to these Conditions;

"**Issuer Winding-Up**" has the meaning given in Condition 3(b);

"**Issuing and Paying Agent**" has the meaning given in the preamble to these Conditions;

"**Junior Obligations of the Issuer**" has the applicable meaning given in Condition 3(b);

"**Level 2 Regulations**" means the Commission Delegated Regulation (EU) No. 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council of the European Union on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II) (as amended);

"**Liabilities**" means the unconsolidated gross liabilities of the Issuer as shown in the latest published audited balance sheet of the Issuer but adjusted for contingent liabilities and for subsequent events, all in such manner as the Directors of the Issuer may determine;

"**London Stock Exchange**" means the London Stock Exchange plc;

"**Maturity Date**" has the meaning given to it in the relevant Final Terms or Pricing Supplement (such date being specified as being no earlier than the tenth anniversary of the Issue Date);

"**Maximum Rate of Interest**" has the meaning given to it in the relevant Final Terms or Pricing Supplement;

"**Member State**" means a member of the EEA;

"**Minimum Capital Requirement**" means the Minimum Capital Requirement, the minimum consolidated group Solvency Capital Requirement or other minimum capital requirements (as applicable) referred to in Solvency II or the Relevant Rules;

"**Minimum Rate of Interest**" has the meaning given to it in the relevant Final Terms or Pricing Supplement;

"**Noteholder**" has the meaning given to it in Condition 1;

"**Optional Interest Payment Date**" means any Interest Payment Date other than a Compulsory Interest Payment Date or a Regulatory Deficiency Interest Deferral Date;

"**Optional Redemption Amount**" has the meaning given to it in the relevant Final Terms or Pricing Supplement (such Optional Redemption Amount being an amount per Note at least equal to the principal amount of the relevant Note);

"**Optional Redemption Date**" has the meaning given to it in the relevant Final Terms or Pricing Supplement (such Optional Redemption Date being at least five years after the Issue Date);

"**Parity Creditors of the Issuer**" means the creditors of the Issuer whose claims rank, or are expressed to rank, *pari passu* with the claims of the Noteholders including holders of Parity Obligations of the Issuer;

"**Parity Obligations of the Issuer**" has the meaning given in Condition 3(b);

"**Paying Agents**" has the meaning given in the preamble to these Conditions;

"**Policyholder Claims**" means claims of policyholders or beneficiaries under contracts of insurance in a winding-up, liquidation or administration of a Group Insurance Undertaking to the extent that those claims relate to any debt to which the Group Insurance Undertaking is, or may become, liable to a policyholder or such a beneficiary pursuant to a contract of insurance, including all amounts to which policyholders or such beneficiaries are entitled under applicable legislation or rules relating to the winding-up or administration of insurance companies to reflect any right to receive, or expectation of receiving, benefits which such policyholders or such beneficiaries may have;

"**PRA**" means the Bank of England acting as the UK Prudential Regulation Authority through its Prudential Regulation Committee or such successor or other authority having primary supervisory authority with respect to prudential matters in relation to the Issuer, the Insurance Group and/or the Insurance Group Parent Entity;

"**Proceedings**" has the meaning given to it in Condition 19(b);

"**Qualifying Securities**" means securities issued by the Issuer or another entity and guaranteed by the Issuer that:

(a) have terms not materially less favourable to an investor than the terms of the Notes (as reasonably determined by the Issuer in consultation with an independent investment bank of international standing or independent financial adviser of international standing, and provided that a certification to such effect (including as to the consultation with the independent investment bank or independent financial adviser and in respect of the matters specified in (b) below) signed by two Directors of the Issuer shall have been delivered to the Trustee (upon which the Trustee shall be entitled to rely absolutely without liability to any person and without any obligation to verify or investigate the accuracy thereof) prior to the issue of the relevant securities);

(b) (subject to (a) above) shall (1) contain terms which are intended to match the then current requirements of the Relevant Rules in relation to Tier 2 Capital insofar as practicable; (2) bear the same rate of interest from

time to time applying to the Notes and preserve the same Interest Payment Dates; (3) rank or, if issued by another entity, benefit from a guarantee of the Issuer which ranks, at least *pari passu* with the ranking of the Notes; (4) preserve the obligations of (including obligations arising from the exercise of any rights of) the Issuer as to redemption of the Notes, including as to the timing of, and amounts payable upon redemption of the Notes and provided that such Qualifying Securities may not be redeemed by the Issuer prior to the Maturity Date except in circumstances analogous to those referred to in Condition 6(c), 6(d), 6(e) and/or 6(f) of the Notes; (5) preserve any existing rights under these Conditions to any accrued interest, any Arrears of Interest and any other amounts payable under the Notes which, in each case, has accrued to Noteholders but not been paid; and (6) do not include any principal loss absorption provisions, including any provisions which require the write off or write down in whole or in part of the principal amount of such securities or the conversion of such securities in whole or in part into equity; and

(c) are listed or admitted to trading on the London Stock Exchange's regulated market (for the purposes of Directive 2014/65/EU as transposed into United Kingdom law or any successor legislation) or such other regularly operating, internationally recognised stock exchange in the UK or the EEA as selected by the Issuer and approved by the Trustee;

"**Rating Agency**" means Fitch Ratings Limited or any affiliate of or successor thereto;

"**Rating Agency Compliant Securities**" means securities which are (i) Qualifying Securities and (ii) assigned substantially the same "equity credit" (or such other nomenclature as may be used by the Rating Agency from time to time to describe the degree to which the terms of an instrument are supportive of an issuer's senior obligations in terms of either leverage or total capital) or, at the absolute discretion of the Issuer, a lower "equity credit" (provided such "equity credit" is still higher than the "equity credit" assigned to the Notes immediately after the occurrence of the Ratings Methodology Event) as that which was assigned by the Rating Agency or its predecessor to the Notes on or around the Issue Date or (if any further Tranche(s) of the Notes has or have been issued pursuant to Condition 15 and consolidated to form a single series with the Notes and the "equity credit" assigned by the Rating Agency on the issue date of such Tranche is lower than the "equity credit" assigned to the Notes on or around the Issue Date) the issue date of the last Tranche of the relevant Series and provided that a certification to such effect signed by two Directors of the Issuer shall have been delivered to the Trustee prior to the issue of the relevant securities (upon which the Trustee shall be entitled to rely absolutely without liability to any person and without any obligation to verify or investigate the accuracy thereof);

"**Ratings Methodology Call**" has the meaning given to it in Condition 6(f);

a "**Ratings Methodology Event**" will be deemed to occur if at any time there occurs a change in (or clarification to) the methodology of the Rating Agency (or in the interpretation of such methodology) as a result of which the "equity credit" (or such other nomenclature as may be used by the Rating Agency from time to time to describe the degree to which the terms of an instrument are supportive of an issuer's senior obligations in terms of either leverage or total capital) assigned by the Rating Agency to the Notes is, as notified by the Rating Agency to the Issuer or as published by the Rating Agency, reduced when compared to the "equity credit" assigned by the Rating Agency or its predecessor to the Notes on or around the Issue Date or (if any further Tranche(s) of the Notes has or have been issued pursuant to Condition 15 and consolidated to form a single series with the Notes and the "equity credit" assigned by the Rating Agency on the issue date of such Tranche is lower than the "equity credit" assigned to the Notes on or around the Issue Date) the issue date of the last Tranche of the relevant Series;

"**Record Date**" has the meaning given to it in Condition 7(b);

"**Register**" has the meaning given in Condition 1;

"**Registered Notes**" has the meaning given to it in Condition 1;

"**Registrar**" has the meaning given in the preamble to these Conditions;

"**Regulatory Capital Requirements**" means any applicable capital resources requirement or applicable overall financial adequacy rule required by the PRA pursuant to the Relevant Rules, as such requirements or rules are in force from time to time;

"**Regulatory Clearance Condition**" means, in respect of any proposed act on the part of the Issuer, the PRA having approved, granted permission for, consented to, or provided a non-objection to and having not withdrawn its approval, permission or consent to, such act (in any case only if and to the extent such approval, permission, consent or non-objection is required by the PRA, the Relevant Rules or any other applicable rules of the PRA at the relevant time);

"**Regulatory Deficiency Interest Deferral Date**" means each Interest Payment Date in respect of which a Regulatory Deficiency Interest Deferral Event has occurred and is continuing or would occur if payment of interest were made on such Interest Payment Date;

"**Regulatory Deficiency Interest Deferral Event**" means:

(a) any event (including, without limitation, any event which causes any Solvency Capital Requirement or Minimum Capital Requirement applicable to the Issuer, the Insurance Group Parent Entity or the Insurance Group to be breached and such breach is an event) which under the Relevant Rules means that the Issuer must defer payment of interest (or, if applicable, Arrears of Interest) in respect of the Notes (in order that the Notes are, and/or on the basis that the Notes are intended to be, both eligible and available as Tier 2 Capital of the Issuer and the Insurance Group); or

(b) the PRA having notified the Issuer in writing that, in circumstances in which it is permitted to do so pursuant to and in accordance with the Relevant Rules, it has determined that the Issuer must defer a payment of interest (or, if applicable, Arrears of Interest) under the Notes and the PRA not having revoked such notification;

"**Regulatory Deficiency Redemption Deferral Event**" means:

(a) any event (including, without limitation, where an Insolvent Insurer Winding-up has occurred and is continuing or any event which causes any Solvency Capital Requirement or Minimum Capital Requirement applicable to the Issuer, the Insurance Group Parent Entity or the Insurance Group to be breached and such Insolvent Insurer Winding-up or, as the case may be, such breach is an event) which under the Relevant Rules means that the Issuer must defer or suspend redemption of the Notes (in order that the Notes are, and/or on the basis that the Notes are intended to be, both eligible and available as Tier 2 Capital of the Issuer and the Insurance Group); or

(b) the PRA having notified the Issuer in writing that, in circumstances in which it is permitted to do so pursuant to and in accordance with the Relevant Rules, it has determined that the Issuer must defer making a payment of principal under the Notes and the PRA not having revoked such notification;

"**Relevant Date**" has the meaning given in Condition 8;

"**Relevant Jurisdiction**" means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax or, in either case, any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject to tax in respect of payments made by it of principal and/or interest (including Arrears of Interest) on the Notes;

"**Relevant Rules**" means, at any time, any legislation, rules or regulations (whether having the force of law or otherwise) then applying to the Issuer, the Insurance Group Parent Entity or the Insurance Group relating to own funds, capital resources, capital requirements, financial adequacy requirements or other prudential matters (including, but not limited to, the characteristics, features or criteria of any of the foregoing) and without limitation to the foregoing, includes (to the extent then applying as aforesaid) Solvency II, any legislation, rules or regulations implementing Solvency II and any legislation, rules or regulations of the PRA relating to such matters; and references in these Conditions to any matter, action or condition being required or permitted by, or in accordance with, the Relevant Rules shall be construed in the context of the Relevant Rules as they apply to Tier 2 Capital;

"**Senior Creditors of the Issuer**" means:

(a) in the case of dated Notes, being Notes with a Maturity Date stated hereon

(i) policyholders of the Issuer (if any), beneficiaries under contracts of insurance of the Issuer (if any) and any other creditors of the Issuer who are unsubordinated creditors of the Issuer; and

(ii) other creditors of the Issuer whose claims are, or are expressed to be, subordinated to the claims of other creditors of the Issuer but not further or otherwise (other than those whose claims otherwise rank, or are expressed to rank, *pari passu* with, or junior to, any claims of the Noteholders under the Notes and the Trust Deed including (without limitation) holders of Parity Obligations of the Issuer and/or Junior Obligations of the Issuer); and

(b) in the case of perpetual Notes, being Notes without a Maturity Date stated hereon

(i) policyholders of the Issuer (if any), beneficiaries under contracts of insurance of the Issuer (if any) and any other creditors of the Issuer who are unsubordinated creditors of the Issuer;

(ii) other creditors of the Issuer whose claims are, or are expressed to be, subordinated to the claims of other creditors of the Issuer but not further or otherwise (other than those whose claims otherwise rank, or are expressed to rank, *pari passu* with, or junior to, any claims of the Noteholders under the Notes and the Trust Deed including (without limitation) holders of Parity Obligations of the Issuer and/or Junior Obligations of the Issuer); and

(iii) (unless and until the Undated Notes Parity Election is made) holders of dated subordinated obligations of the Issuer (including, without limitation and for so long as any of the same shall remain outstanding, the Issuer's obligations pursuant to its 2025 Notes);

"**Series**" has the meaning given in the preamble to these Conditions;

"**Solvency II**" means the Solvency II Directive and any additional measures adopted to give effect to the Solvency II Directive (for the avoidance of doubt, whether implemented by way of regulation (including, without limitation, the Level 2 Regulations), a directive, application of relevant EIOPA guidelines or otherwise);

"**Solvency II Directive**" means Directive 2009/138/EC of the European Parliament and of the Council of the European Union of 25 November 2009 on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II) (as amended);

"**Solvency Capital Requirement**" means the solvency capital requirement or the group solvency capital requirement referred to in Solvency II (howsoever described or defined in Solvency II) or any other solvency capital requirement, group solvency capital requirement or any other equivalent capital requirement (other than the Minimum Capital Requirement) howsoever described in the Relevant Rules;

"**Solvency Condition**" has the meaning given in Condition 3(d);

"**Special Redemption Price**" has the meaning given to it in the relevant Final Terms or Pricing Supplement;

"**Specified Denomination**" has the meaning given to it in the relevant Final Terms or Pricing Supplement;

"**Subsidiary**" has the meaning given to it under Section 1159 of the Companies Act 2006 (as amended from time to time);

"**Substituted Obligor**" has the meaning given to it in Condition 12(a);

"**successor in business**" has the meaning given in the Trust Deed;

"**Tax Event**" has the meaning given to it in Condition 6(d)(i);

"**Tier 1 Capital**" has the meaning given to it for the purposes of the Relevant Rules from time to time (including, without limitation, by virtue of the operation of any grandfathering provisions under any Relevant Rules);

"**Tier 2 Capital**" has the meaning given to it for the purposes of the Relevant Rules from time to time (including, without limitation, by virtue of the operation of any grandfathering provisions under any Relevant Rules);

"**Tranche**" has the meaning given in the preamble to these Conditions;

"**Transfer Agents**" has the meaning given in the preamble to these Conditions;

"**Trust Deed**" has the meaning given in the preamble to these Conditions;

"**Trustee**" has the meaning given in the preamble to these Conditions;

"**Undated Notes Parity Election**" has the meaning given to it in Condition 3(b); and

"**United Kingdom**" or "**UK**" means the United Kingdom of Great Britain and Northern Ireland.

19 Governing Law and Jurisdiction

(a) Governing law

The Trust Deed, the Notes, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes, the Coupons and/or the Talons are governed by, and shall be construed in accordance with, English law.

(b) Jurisdiction

The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed or the Notes and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed or any Notes ("**Proceedings**") may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of the courts of England in respect of any such Proceedings (but this is without prejudice to the rights of the Trustee or the Noteholders to commence Proceedings in any jurisdiction and/or concurrent Proceedings in one or more jurisdictions to the extent permitted by law).

OVERVIEW OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Initial Issue of Notes

If the Global Notes in respect of any series of Senior Notes in bearer form are stated in the applicable Final Terms or Pricing Supplement to be issued in NGN form, the Global Notes will be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper. If the Global Certificates in respect of any series of Senior Notes in registered form are stated in the applicable Final Terms or Pricing Supplement to be issued in NSS form, the Global Certificates will be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper. Where the Global Notes issued in respect of any Tranche are in NGN form or are held in NSS form, Euroclear and Clearstream, Luxembourg will be notified whether or not such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Depositing the Global Notes or Global Certificates (as the case may be) with the Common Safekeeper does not necessarily mean that the relevant Senior Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Global Notes which are issued in CGN form and Certificates may be delivered on or prior to the original issue date of the Tranche to a Common Depositary (other than Global Certificates in NSS form, which shall be delivered to a Common Safekeeper).

If the Global Note is in CGN form, upon the initial deposit of a Global Note with a common depositary for Euroclear and Clearstream, Luxembourg (the "**Common Depositary**") or registration of Registered Notes in the name of any common nominee for Euroclear and Clearstream, Luxembourg and delivery of the relevant Global Certificate to the Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid. If the Global Note is in NGN form, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms or Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or such clearing system (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such clearing system (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate

and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

Exchange

Temporary Global Notes

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

(a) if the relevant Final Terms or Pricing Supplement indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see "*Subscription and Sale*"), in whole, but not in part, for the Definitive Notes defined and described below; and

(b) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Final Terms, for Definitive Notes.

If the temporary Global Note is exchangeable for Definitive Notes at the option of the holder and the relevant clearing system(s) so permit, the Notes shall be tradeable only in amounts of at least the Specified Denomination specified in the Final Terms or Pricing Supplement (such as €100,000 (or its equivalent in another currency)) plus one or more higher integral multiples of another smaller amount (such as €1,000 (or its equivalent in another currency)).

Permanent Global Notes

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not in part for Definitive Notes if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or any other clearing system (an "**Alternative Clearing System**") and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. Noteholders who hold Notes in the relevant clearing system in amounts that are not integral multiples of a Specified Denomination may need to purchase or sell, on or before the relevant Exchange Date, a principal amount of Notes such that their holding is an integral multiple of a Specified Denomination.

Permanent Global Certificates

If the Final Terms or Pricing Supplement state that the Notes are to be represented by a permanent Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(a) of the relevant Notes may only be made in part:

(a) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or

(b) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to (A) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

Delivery of Notes

If the Global Note is in CGN form, on or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be, or if the Global Note is in NGN form, the Issuer will procure that details of such exchange be entered *pro rata* in the records of the relevant clearing system. In this Prospectus, "**Definitive Notes**" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons in respect of interest that has not already been paid on the Global Note and a Talon). Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

Exchange Date

"**Exchange Date**" means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

Amendment to Conditions

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Prospectus. The following is a summary of certain of those provisions:

Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any temporary Global Note will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note in CGN form will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If the Global Note is a CGN, a record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. Conditions 6(f)(v) and 6(g) (in the case of the Senior Notes) and Conditions 7(f)(v) and 7(g) (in the case of the Tier 2 and Tier 3 Notes) will apply to the Definitive Notes only. If the Global Note is in NGN form, the Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the

relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note will be reduced accordingly. Payments under the NGN will be made to its holder. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge.

For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of "**Business Day**" set out in Condition 6(h) (in the case of the Senior Notes) and Condition 7(h) (in the case of the Tier 2 and Tier 3 Notes).

All payments in respect of Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January.

All payments of interest in respect of a series of Notes represented by a Global Note or Global Certificate shall be calculated in respect of the total aggregate amount of the Notes represented by the relevant Global Note or Global Certificate.

Prescription

Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and 5 years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8 of the relevant Notes).

Meetings

The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes.

Cancellation

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note.

Purchase

Notes represented by a permanent Global Note may only be purchased by the Issuer or any of its subsidiaries if they are purchased together with the rights to receive all future payments of interest (if any) thereon.

Issuer's Option

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and, accordingly, no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) or any other clearing system (as the case may be).

Noteholders' Options

Any option of the Noteholders provided for in the Conditions of any Senior Notes while such Senior Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note

giving notice to the Issuing and Paying Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Senior Notes in respect of which the option has been exercised, and stating the nominal amount of Senior Notes in respect of which the option is exercised and at the same time, where the permanent Global Note is a CGN, presenting the permanent Global Note to the Issuing and Paying Agent, or to a Paying Agent acting on behalf of the Issuing and Paying Agent, for notation. Where the Global Note is in NGN form, the Issuer shall procure that details of such exercise shall be entered *pro rata* in the records of the relevant clearing system and the nominal amount of the Notes recorded in those records will be reduced accordingly.

NGN nominal amount

Where the Global Note is in NGN form, the Issuer shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems and upon any such entry being made, in respect of payments of principal, the nominal amount of the Senior Notes represented by such Global Note shall be adjusted accordingly.

Trustee's Powers

In considering the interests of Noteholders while any Global Note is held on behalf of, or Registered Notes are registered in the name of, any nominee or any common nominee, as the case may be, for a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Registered Notes and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note or Global Certificate and, in the case of Registered Notes only, the Trustee may have regard to any other letter of confirmation, form of record, information and/or certification as the Trustee shall, in its absolute discretion, think fit as evidence that at any particular time or throughout any particular period any particular person should be regarded as having an interest in a particular nominal amount of Registered Notes and if the Trustee does so rely on such evidence, such letter of confirmation, form of record, information and/or certification shall be conclusive and binding on all concerned.

Notices

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note.

Electronic Consent and Written Resolution

While any Global Note is held on behalf of, or any Global Certificate is registered in the name of any nominee for, a clearing system, then:

(a) approval of a resolution proposed by the Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding (an "**Electronic Consent**" as defined in the Trust Deed shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the special quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders and holders of Coupons and Talons whether or not they participated in such Electronic Consent; and

(b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Trust Deed) has been validly passed, the Issuer and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer and/or the Trustee, as the case may be, by (a) accountholders in the clearing system with entitlements to such Global Note or Global Certificate and/or, where (b) the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer and the Trustee shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg or any other relevant alternative clearing system (the "**relevant clearing system**") and, in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Noteholders and Couponholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. Neither the Issuer nor the Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

USE OF PROCEEDS

The net proceeds of the issue of the Notes will be used to fund the general commercial activities of the Group.

INFORMATION ON THE GROUP

Further information on the ReAssure Group is set out in the section entitled "*Information on the ReAssure Group*" below.

Business overview

The Group has become the UK's largest long-term savings and retirement business following completion of the ReAssure Acquisition and is also the largest consolidator of Heritage life and pension funds in Europe.[1]

The Group has businesses in the UK, Germany and Ireland and holds a broad range of both Heritage and Open products split across three key business segments: UK Heritage, UK Open and Europe.

The Group is a leader in the acquisition and safe, efficient management of UK Heritage business. The Heritage segment comprises products that are no longer actively marketed to customers and has been built through the consolidation of over 100 legacy insurance brands.

In addition, the Group's Open business manufactures and underwrites long-term savings and retirement products to support people saving for their future. These products are actively marketed to new and existing customers primarily under the "Standard Life" brand. This segment is underpinned by a strategic partnership with Standard Life Aberdeen following the Group's acquisition of Standard Life Assurance Limited in 2018. Standard Life Assurance is a long-established expert in workplace pensions, personal pensions, long term savings and retirement solutions, and its customers and clients include individual savers and some of the largest employers in the UK, as well as professional advisers. The Group also has a market leading brand – "SunLife" – which sells a range of financial products specifically for the over 50s market.

The Group's European business spans a range of both Open and Heritage products across three segments: Ireland, Germany and the International Bond in the UK.

As at 30 June 2020, the Group had circa 10 million policies, £248.3 billion of assets under management and Solvency II Own Funds of £12.7 billion.

History

PGH Cayman, previously named Liberty International Acquisition Company, then Liberty Acquisition Holdings (International) Company and then Pearl Group, was incorporated on 2 January 2008 under the laws of the Cayman Islands as an exempted company with limited liability, under registration number 202172. PGH Cayman was originally formed as a non-operating special purpose acquisition company by Berggruen Acquisition Holdings II Ltd and Marlin Equities IV, LLC to acquire one or more operating businesses with principal activities outside North America.

Units of PGH Cayman, comprising both the shares of PGH Cayman and the warrants in respect of such shares ("**Public Warrants**"), were initially admitted for trading on Euronext Amsterdam on 6 February 2008. However, shares of the PGH Cayman and Public Warrants began to trade separately on 14 March 2008, following which the units ceased to exist as separate securities and were no longer listed.

On 29 June 2009, PGH Cayman announced that it had agreed to acquire PGH2 and its subsidiaries (the "**Pearl Group**") (the "**Pearl Group Acquisition**"). PGH2 was established in April 2005 in connection with the £1.1 billion acquisition of HHG plc's closed life companies by, amongst others, TDR Capital Nominees

[1] Source: Group analysis June 2020, in each case, based on life technical provisions.

Limited and certain principals of Sun Capital Partners, and was further expanded in connection with the £5 billion acquisition of Resolution plc in May 2008 and the simultaneous sale of certain assets and companies held by Resolution plc to The Royal London Mutual Insurance Society Limited for £1.3 billion. The Pearl Group Acquisition completed on 2 September 2009 when PGH Cayman changed its name to Pearl Group.

On 25 March 2014, the Group agreed to dispose of the entire issued share capital of Ignis to Standard Life Investments, in return for total consideration of £390 million which was paid in cash upon completion of the divestment. Ignis was the Group's asset management business, providing asset management and asset and liability management services to the Phoenix life companies as well as to a third party client base of retail, wholesale and institutional investors in the UK and overseas. Completion of the divestment occurred on 1 July 2014. A payment of £6 million was made to Standard Life Investments on 24 September 2014 in relation to certain post-closing balance sheet adjustments. PGH Cayman and Standard Life Investments also reached agreement on a long-term strategic asset management alliance. The proceeds of the divestment were used to prepay £250 million of certain of the Group's debt facilities.

On 9 November 2015, PGH Cayman entered into an agreement with RGA International Reinsurance Company Limited ("**RGA International**"), an external reinsurer, effective from 1 November 2015, to reinsure substantively all of the PLAL annuity liabilities previously ceded to Opal Reinsurance Limited, a subsidiary undertaking of PGH Cayman. The Group paid a reinsurance premium of £1,346 million to RGA International.

On 1 November 2016, the Group acquired the SunLife Embassy Business from AXA UK plc for £373 million in cash. The acquisition added £12 billion of assets under management and over 910,000 policyholders to the Group.

On 30 December 2016, the Group acquired ALAC, Abbey Life Trustee Services Limited and Abbey Life Trust Securities Limited from Deutsche Holdings No. 4 Ltd., a wholly-owned subsidiary of Deutsche Bank for £933 million in cash. Proceeds from a rights issue of 144,727,282 new shares at 508 pence per new share, which closed on 25 October 2016, were applied towards the consideration paid for the acquisition.

On 6 August 2015, PLL and PLAL were assigned the Insurer Financial Strength Rating of "A" with a stable outlook by Fitch Ratings Limited. The outlook was revised to positive on 27 May 2016. On 25 July 2017, the Group announced that the Insurer Financial Strength Rating of PLL and PLAL had been upgraded to "A+" with a stable outlook.

The Group entered into the bulk annuity market in 2017 and is an established market participant. It has written over £5 billion of bulk annuity business to the date of this Prospectus.

On 31 August 2018, Phoenix completed the £2.9 billion acquisition of the Standard Life Assurance businesses and entered into a strategic partnership with Standard Life Aberdeen. Not only did the acquisition bring additional scale to the Group's heritage business, but Phoenix also acquired a significant open business in the form of Standard Life branded insurance products which the Group is committed to growing.

Under a scheme of arrangement in accordance with section 86 of the Cayman Islands Companies Law between PGH Cayman and its shareholders, all of the issued shares in PGH Cayman were cancelled and an equivalent number of new shares in PGH Cayman were issued to PGH in consideration for the allotment to PGH Cayman shareholders of one ordinary share in PGH for each ordinary share in PGH Cayman that they held on the scheme record date, 12 December 2018.

The scheme of arrangement had the effect of PGH being inserted above PGH Cayman in the Group legal entity organisational structure and constituted a group reconstruction. The UK listing of Phoenix Group Holdings plc as a UK-registered company in place of its former Cayman Islands registration was the final

stage of regularising its legacy residency and incorporation status and followed the movement of central management and control for Phoenix Group Holdings from Jersey to the UK in January 2018. The new company is the ultimate parent company and the highest EEA insurance group holding company

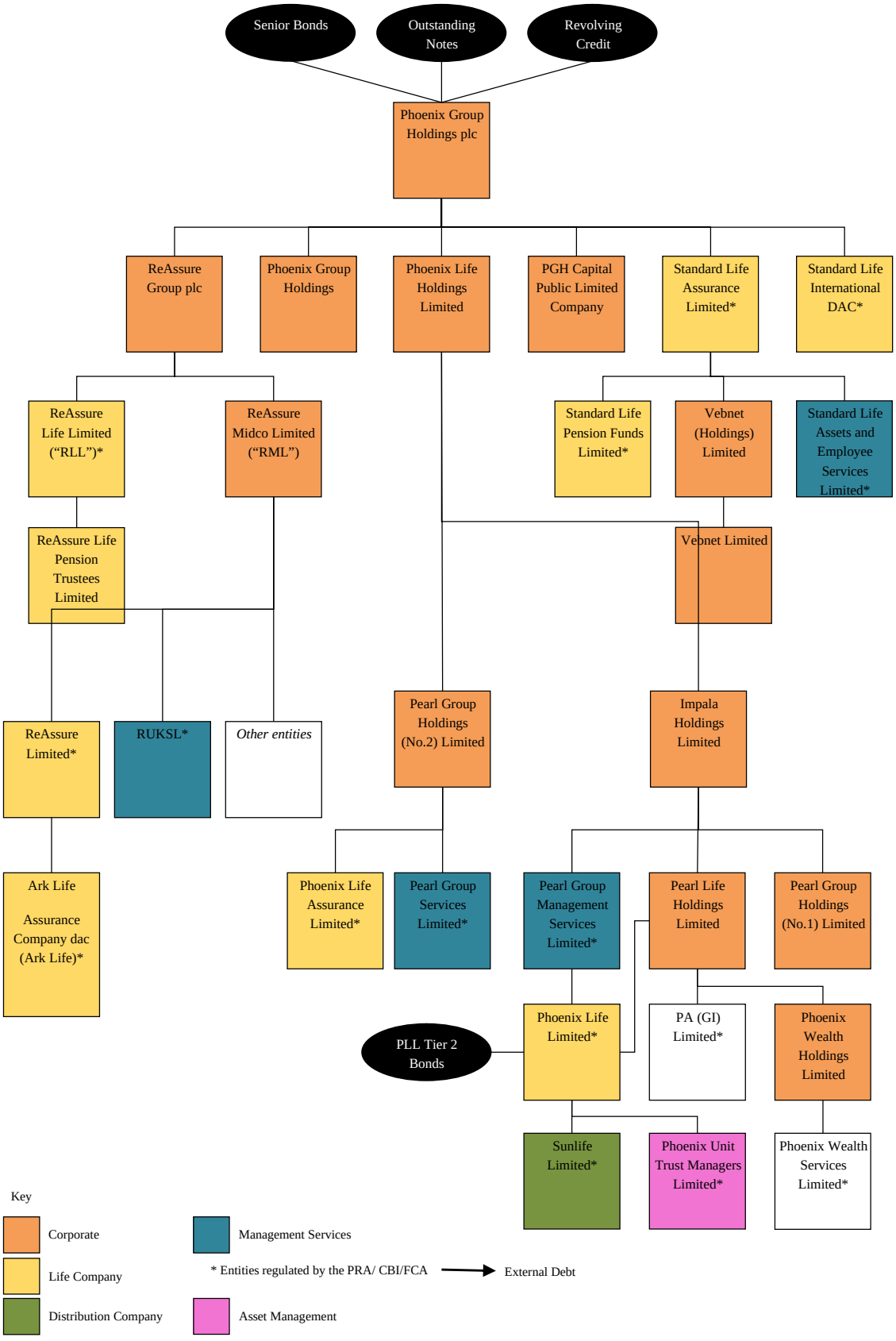
Recent developments

On 6 December 2019, PGH entered into a share purchase agreement to acquire the entire issued share capital of ReAssure from Swiss Re. The ReAssure Acquisition completed on 22 July 2020 for a total consideration of £3.1 billion in cash and shares.

On 4 August 2020, the £120,000,000 7.5873 per cent. Class A2 Limited Recourse Bonds due 2022 issued by Mutual Securitisation plc were redeemed in full, along with the on-loan of the proceeds which PLAL has assumed since 2015.

Structure of the Group

The following chart gives an overview of the legal structure of the Group and its principal companies as at the date hereof.


Senior Bonds
Outstanding Notes
Revolving Credit
Phoenix Group Holdings plc
ReAssure Group plc
Phoenix Group Holdings
Phoenix Life Holdings Limited
PGH Capital Public Limited Company
Standard Life Assurance Limited*
Standard Life International DAC*
ReAssure Life Limited ("RLL")*
ReAssure Midco Limited ("RML")
Standard Life Pension Funds Limited*
Vebnet (Holdings) Limited
Standard Life Assets and Employee Services Limited*
ReAssure Life Pension Trustees Limited
Vebnet Limited
ReAssure Limited*
RUKSL*
Other entities
Pearl Group Holdings (No.2) Limited
Impala Holdings Limited
Ark Life Assurance Company dac (Ark Life)*
Phoenix Life Assurance Limited*
Pearl Group Services Limited*
Pearl Group Management Services Limited*
Pearl Life Holdings Limited
Pearl Group Holdings (No.1) Limited
PLL Tier 2 Bonds
Phoenix Life Limited*
PA (GI) Limited*
Phoenix Wealth Holdings Limited
Sunlife Limited*
Phoenix Unit Trust Managers Limited*
Phoenix Wealth Services Limited*
Key
Corporate
Life Company
Distribution Company
Management Services
* Entities regulated by the PRA/ CBI/FCA
Asset Management
External Debt

Strategy of the Group

The Group has a broad range of both Heritage and Open products and has three key business segments: UK Heritage, UK Open and Europe.

The Group's UK Heritage business comprises "capital heavy" products that are no longer actively marketed to customers and is therefore "closed" to new business. This segment has been built through the consolidation of many legacy insurance brands and represents the Group's specialism in the acquisition and management of closed life insurance and pension funds.

The UK Open business comprises "capital light" products that are actively marketed to new and existing customers primarily under the Standard Life brand. UK Workplace is the Group's most valuable Open business product line and primary method of customer acquisition.

The Group's European business comprises a mix of Heritage and Open products business written in Ireland, Germany and Austria.

The Group seeks to use its expertise to deliver value for shareholders and customers and improve customer outcomes. To enable this, the Group's strategy is to:

(i) grow through value accretive acquisitions of life and pensions books, predominantly those that are closed to new business;

(ii) deploy its specialist skills in achieving operational efficiencies, access synergies through the integration of acquisitions and leverage strategic partnerships to reduce costs and improve efficiency; and

(iii) apply its expertise in capital management, regulation and other key areas to achieve better outcomes for customers and shareholders.

The Group has a consistent approach to the management of its in-force business which aims to bring resilience to the capital position of the Group and therefore deliver dependable long-term cash generation.

PGH has a range of growth opportunities that bring sustainability to the Group's cash generation profile including growth of the Open business in both the UK and Europe, bulk purchase annuities and potential for further acquisitions. In the normal course of business, the Group may in the short term enter into further acquisitions that meet its acquisition criteria or undertake additional selective and proportionate bulk purchase annuity transactions which are not expected to require the Group to enter into further funding arrangements.

The following table gives an overview of the Group's business segments as at the date hereof.

	UK Heritage	**UK Open**	**Europe**
In Force	With-profits	Unit linked	Germany and Ireland
	Unit linked	Workplace	Unit linked
	Annuities	Retail pension	With-profits
	Protection	Wrap	Annuities
New Business	Vesting annuities	Unit linked	Unit linked
	Bulk purchase annuities		

UK Heritage Business

In Force

The UK Heritage business has been built from two decades of consolidation and comprises over 100 legacy brands including Britannic, Pearl, Scottish Mutual, AXA, Abbey Life and Standard Life. It has a broad range of life and pensions products which provide the Group with natural diversification and includes business from both Phoenix Life and Standard Life.

The Group's strategy for its UK Heritage business is to deliver value to shareholders and customers and to improve customer outcomes. Heritage business cash generation runs off at 5 to 7 per cent. per annum depending on the particular features of each legacy book. Organic cash emerges naturally from the Group's UK Heritage business as it runs off over time and the Group enhances this organic cash generation through the delivery of management actions which either increase the overall cash flows from the business or accelerate the timing of these cash flows. Integral to the efficient management of the UK Heritage business is ensuring that the Group's cost base reduces more quickly than the policy count runs off.

New business

The Group generates new business in the Heritage business segment through vesting annuities and bulk purchase annuities, or from incremental contributions from existing pensions.

The Group offers annuities to existing policyholders when their pension policies vest across both the Phoenix Life and Standard Life product ranges. The majority of the Group's vesting annuities are from pension policies which included guaranteed annuity options on maturity.

The Group entered into the bulk annuity market in 2017 and is an established market participant. It has written over £5 billion of bulk annuity business to the date of this Prospectus.

UK Open Business

In Force

Open business mainly relates to those products being sold under the Standard Life brand but also includes those aimed at the over 50s market distributed by SunLife. AUA in the Group's open business are held in three product lines: Workplace, Retail pensions and Wrap. These are predominantly unitised products which have no guarantees and where investment risk sits with the customer. The Group's open business therefore comprises capital-light products. The Group's strategy for its open business is shared with its heritage book as the Group aims to deliver value to shareholders and customers alike. The Group aims to be the first choice for its customers' life savings through its diverse range of products and continued investment in its customer propositions which enables it to remain relevant both through the accumulation and decumulation stages of the life savings cycle.

New business

Workplace is the primary method of customer acquisition for the UK Open business and acts as the engine of growth. Growth comes organically by retaining existing schemes and is accelerated by new members joining schemes as well as by increases in contributions, both of which are incremental to long-term cash generation.

The Group's retail pensions business comprises a range of products across both the accumulation and decumulation phases of the life savings cycle. Within retail, new business is driven by customers opting for draw down products and consolidating their pension pots in one place.

A number of the Group's insured products are distributed on the Wrap platform owned by Standard Life Aberdeen. Under the Group's Strategic Partnership, Standard Life Aberdeen manages the adviser relationship

and is responsible for sales. Phoenix provides the insurance wrapper for the product and is responsible for administration.

Europe

In Force

The Group's European business contains both Open and Heritage products split across Germany and Ireland. The German business closed its with-profits business to new business in 2015 and now distributes only unit linked life assurance products which have no material guarantees. These products target the over 50s market and utilise the broker distribution channels through operations in Frankfurt and Graz, Austria. The international bond business is all open business managed from the Group's Dublin office targeting high net worth customers in the UK. The international bonds are unit linked products distributed by retail advisers, banks and wealth managers. In 2019 the Group launched a new variant of the offshore bond, featuring capital redemption to enhance the international bond offering. Ireland is a predominantly Open business and distributes capital-light unit-linked products through financial advisors. These products include investment bonds, pensions and drawdown products targeting both the pre and post retirement markets.

New business

New business is written across all open product lines of the Group's European business. The international bond is sold by Standard Life Aberdeen through the retail market and its Wrap and Elevate platforms. All other open products are sold by the European units themselves.

Substantial Shareholdings

Information provided to PGH pursuant to the FCA's Disclosure and Transparency Rules is published on a Regulatory Information Service and on the Group's website. As at the date of this Prospectus, PGH had most recently been notified of the following significant holdings of voting rights in its shares:

	Number of voting rights in shares	**Percentage of shares in issue[1]**
		(%)
Standard Life Aberdeen plc	178,800,542	17.89
MS&AD Insurance Group Holdings, Inc.	144,877,304	14.50
Swiss Re Finance Midco (Jersey) Limited	132,399,834	13.25
Ameriprise Financial Inc.	44,506,510	4.45

Competitive Strengths, Strategy and Market Overview

Competitive Strengths

The Group differentiates itself from its peers through its unique operating model, its focus on cash generation and resilience and the range of growth opportunities available to it.

The Group believes that its competitive strengths are as follows:

The Group has an operating model that delivers cost efficiencies.

The Group's operating model leverages the strengths of its strategic partners and the scale that it has as a business enables it to deliver cost efficiencies. This provides it with the ability to save costs both internally

and through market leading outsourcing agreements which result in a variable cost model for the administration of policies. The Group's operating platform underpins the delivery of incremental value through a wide range of management actions which encompass the efficient and effective structuring, integration and management of all its in-force business. An example of management actions involves the consolidation of a disparate collection of actuarial valuation models onto a single platform with the aim of reducing operational risk, improving the quality of capital monitoring and improving cost efficiency through the simplification and standardisation of actuarial processes.

The Group has a large existing customer footprint and its broad range of products means it can support them across all stages of the life savings cycle.

Following the ReAssure Acquisition, the Group is the UK's largest long-term savings and retirement business[2] with 13.8 million policies and £324 billion of assets under administration had the acquisition taken place on 30 June 2020. As the Group aims to be a trusted guide for its customers and the first choice for their life savings, its diverse range of products and continued investment in its customer proposition means it remains relevant to them through both the accumulation and decumulation phases of the life savings cycle.

The Group's differentiated M&A and integration capabilities make it a market leader in Heritage consolidation.

The Group has a strong M&A history of undertaking value accretive deals supported by strong regulatory relationships and access to capital markets. The Group has a proven track record of integrating businesses successfully and delivering cost and capital synergies in excess of the targets that it sets. The Group's market leading integration capabilities leverage the differentiated skillset of its employees and an operating model which is highly scalable.

As at 30 June 2020, the Group has achieved £645 million of capital synergies (net of costs) (90 per cent. of the target of £720 million), £36 million of cost synergies (per annum) (48 per cent. of the target of £75 million), £38 million of one-off cost synergies (127 per cent. of the target of £30 million) and £35 million of transition and integration costs synergies (net of tax) (23 per cent. of the target of £150 million), totalling £946 million (78 per cent. of the target of £1.22 billion) in respect of the SLA Acquisition.

As at 22 July 2020, the Group has achieved £120 million of capital synergies (net of costs) (27 per cent. of the target of £450 million), £11 million of cost synergies (per annum) (28 per cent. of the target of £40 million), and £3 million of transition and integration costs synergies (net of tax) (6 per cent. of the target of £50 million), totalling £227 million (28 per cent. of the target of £800 million) in respect of the ReAssure Acquisition.

The Group's market leading technology platform will enable it to manage all its products in one place and support the agile deployment of new propositions and services.

The Group recognises its customers' priorities are evolving at an accelerated pace and has partnered with leading technology and service provider Tata Consultancy Services ("**TCS**") to develop a new, single digital platform. In addition to enabling it to become a market leader in the workplace pensions market, the platform will remove the limitations of maintaining multiple legacy systems and improve cost efficiencies. Its open architecture will allow easier integration of acquisitions and it will be agile, accelerating speed to market for new propositions and services to meet the evolving needs of workplace advisers, employers and their scheme members. Working with TCS, an innovation lab based in Edinburgh, will provide a collaborative space where workplace clients and their advisers can work together in shaping future offerings.

[2] Source: Group analysis June 2020, based on life technical provisions.

The Group leverages strategic partnerships with industry leaders.

The Group works with strategic partners in areas such as policy administration and asset management where the Group can obtain better outcomes from a service and cost perspective by outsourcing to leaders of their respective fields. The Group's strategic partners are specialist providers of life and pensions administration services, digital platform developers and asset management services with the know-how, expertise and business models that put administration, digital development and asset management at the core of their service offerings. The Group's most significant outsourcing relationships are its strategic partnerships with Aberdeen Standard Investments for asset management, Diligenta for policy administration and with TCS for its digital offering.

The Group's focus on risk and capital management delivers strong financial resilience to market risks.

The Group's risk management framework is aimed at bringing resilience to the Group's Solvency II surplus and increased certainty to its cash generation targets. The Group uses hedging to mitigate the majority of its exposures to equity, currency and interest rate risk and maintains a high quality, conservative credit portfolio. The Group is therefore comparatively less sensitive to market stresses than the majority of its peers.

The Group has an empowered and accountable workforce with a blend of skills who are passionate about helping its customers achieve a more secure and sustainable future.

Through the Group's acquisition history, the Group has brought together a team of highly skilled colleagues with expertise across both Heritage and Open products, enabling it to serve its broad customer base. The Group retains and attracts top talent through its focus on creating a rich and diverse working environment and aims to be the employer of choice in its sector.

There is a range of growth opportunities, allowing the Group to develop a sustainable business model.

The Group has a range of opportunities to grow both organically and inorganically across its Heritage and Open business segments. Organic growth will be driven by the sale of new business under the Standard Life and Sun Life brands in the Open business segment and through the provision of vesting annuities to existing policyholders in the Heritage business segment. Inorganic growth opportunities include bulk purchase annuities and further acquisitions. As the drivers for consolidation in the life insurance sector are increasing, the Group believes institutions will look to divest their capital intensive closed business to consolidators such as the Group. The Group has a proven track record of delivering value accretive acquisitions and is well placed to take advantage of these growth opportunities as and when they arise.

This range of growth opportunities brings sustainability to the Group's business model and its cash generation.

There is significant opportunity to create value and accelerate cashflows through the continued implementation of management actions.

The Group follows an approach and has infrastructure for the efficient and effective structuring, integration and management and the investments they hold through a range of management actions.

Market Overview

The Group has a range of growth options across both Heritage and Open businesses and Phoenix's strength and core competencies ensure that the Group is well placed to take advantage of the life and pensions industry drivers of change.

Heritage business

M&A

Changes in customer behaviour, market dynamics and the regulatory environment have resulted in insurers closing their old-style capital-heavy insurance product lines to new business, replacing them with capital-light investment style products. The Group expects to see continued consolidation in the closed life funds market in the future. This is likely to be driven by the significant capital held within closed funds that owners may wish to redeploy, more intrusive regulation leading to pressure on owners and fixed cost pressures as closed funds decline in size over time.

Phoenix estimates the market opportunity in Heritage consolidation to be approximately £440 billion in the UK, increasing to over £600 billion including Germany and Ireland.

The barriers to entry in the UK life consolidation market are high. Phoenix is a market leader in UK Heritage M&A with a proven track record of value accretive acquisitions and clear advantages including a specialist skill set for Heritage management, an optimised business model and strong financing capabilities through proven access to the capital markets.

Bulk purchase annuities

Many defined benefit pension schemes are now closed to new members but have liabilities that will continue for many decades into the future. The bulk purchase annuities market offers employers the ability to mitigate the risk of their defined benefit pension liabilities whilst allowing the pension scheme trustees the ability to secure and protect their members' benefits.

The Group estimates the size of the bulk purchase annuities market to be circa £25 billion per annum and it is expected to grow further.

The Group entered into the bulk annuity market in 2017 and is an established market participant. It has written over £5 billion of bulk annuity business to the date of this Prospectus.

Open business

Workplace pensions

The introduction of auto-enrolment, which obliges employers to provide and contribute to a workplace scheme for all eligible members, has resulted in strong growth in the workplace pensions market with more than 9.5 million people automatically enrolled through the scheme since 2012 (*Source: Office for National Statistics*) and contributions to defined contribution pension schemes having tripled to £24 billion per annum over that time (*Source: Pensions Policy Institute*). Recent trends have included scheme reviews and employers shifting from unbundled to bundled arrangements.

Continued growth is expected in the workplace pensions market. 240,000 policies joined existing employer schemes in 2019.

Growth in workplace pensions comes organically by retaining existing schemes and is accelerated by new members joining schemes and by increases to contributions. With auto-enrolment increases in 2019, the potential for workplace growth is very powerful and the Group's scheme retention continues to be high. The Group's proposition includes a well-established master trust offering which is an important growth area of the workplace pension market.

Standard Life has built a strong proposition to compete in this market with 15,000 active schemes and 1.8 million customers and harnesses the benefit of strong relationships with large employer benefit consultants and employers.

The Group is a leading workplace provider in the UK, harnessing strong relationships with large employer benefit consultants and employers. It is its main channel of customer acquisition and its most valuable Open business product line. As at 30 June 2020, new workplace business contributed £67 million of incremental long-term cash generated, more than 50 per cent. of the Open business total.

Retail pensions

The Group's retail pensions business comprises a range of products across both the accumulation and decumulation stages of the life savings cycle. Retail has approximately 850,000 customers with 16,000 new drawdown customers as at 31 December 2019.

The retail pensions products offering has a strong digital and service component which is critically important in this marketplace. By offering a solution for both accumulation and decumulation, customers can keep their assets in the decumulation phase of their life and consolidate pension pots with other providers into one vehicle.

This flexibility enables the Group to keep its customers in the longer term and retain AUA with the Group as evidenced by the steady flow of customers moving from its workplace schemes to retail pensions when they change employer.

The Group supports the introduction of the pensions dashboard and is engaging with the Department of Workplace Pensions alongside the rest of the industry. The Group believes its business will benefit from customers' greater visibility of their retirement savings and increased engagement.

Wrap

The Wrap platform is owned and operated by Standard Life Aberdeen offering a range of Standard Life branded products provided by the Group to circa 100,000 customers. The Wrap platform offers a high level of functionality which differentiates it from other platforms and the strong and integrated relationship with advisers gives it a market leading position. Whilst the platform market is very crowded and highly competitive, the Wrap platform remains number one in the market based on both advised gross and net volumes and is well placed to grow in the future.

Europe

The Group's European businesses in Germany and Ireland sell unit linked investment style business and the international bond is sold by Standard Life Aberdeen through the retail market and investment platform. The Group's European business is specifically targeted to the more affluent population via broker distribution channels.

SunLife

SunLife specialises in the distribution of insurance products to the over 50s. Phoenix underwrites and administers the life and pensions products within their range including life cover and funeral plans.

The Group will continue to invest in the SunLife brand and its service offering which in 2020 was awarded the Feefo Platinum Trusted Service Provider, its new category for brands with the highest levels of service excellence.

Cash Generation

Operating Companies' Cash Generation represents cash remitted by the Group's operating companies to the holding companies. Maintaining strong cash flow delivery underpins debt servicing and repayments. The cash flow analysis that follows reflects the cash paid by the operating companies to the Group's holding companies, as well as the uses of those cash receipts.

	Half year ended 30 June	
	2020	**2019**
	(£m)	
Cash and cash equivalents at 1 January	275	346
Operating Companies' Cash Generation		
Cash receipts from Phoenix Life Companies[(1)]	483	537
Cash remittances to Standard Life International	(50)	(250)
Total cash receipts	433	287
Uses of cash		
Operating expenses	(19)	(19)
Pension scheme contributions	(23)	(23)
Debt interest	(56)	(34)
Total operating cash outflows	(98)	(76)
Non-operating cash inflows/outflows	50	(41)
Uses of cash before debt repayments and shareholder dividend	(48)	(117)
Shareholder dividend	(169)	(169)
Total uses of cash	(217)	(286)
Debt issuance (net of fees)	1,445	—
Support of BPA activity	(90)	(32)
Cash and cash equivalents at 30 June	1,846	315

Note:

(1) Includes £82 million received by the holding companies in respect of tax losses surrendered (HY19: £90 million).

Cash remitted by the Group's operating companies during the half year ended 30 June 2020 was £433 million (HY 2019: £287 million). The operating expenses of £19 million in the half year ended 30 June 2020 (HY 2019: £19 million) principally comprise corporate office costs, net of income earned on holding company cash and investment balances. Pension scheme contributions of £23 million (HY 2019: £23 million) were made on a monthly basis and include total contributions of £20 million into the Pearl Group scheme and £3 million into the Abbey Life Pension Scheme.

Debt interest of £56 million in the half year ended 30 June 2020 (HY 2019: £34 million) principally comprised coupon payments on the £500,000,000 5.75 per cent. Fixed Rate Reset Perpetual Restricted Tier 1 Write Down Notes issued in April 2018 and the Group's subordinated and senior bond instruments. The increase from HY 2019 was principally a result of the cash settlement of a full annual coupon on the €500 million 4.375 per cent. Tier 2 Notes issued in September 2018 and the first coupon on the U.S.$750 million 5.625 per cent. Fixed Rate Reset Perpetual Restricted Tier 1 Contingent Convertible Notes issued in January 2020. On 27 June 2019, the Group replaced its £900 million unsecured revolving credit facility with a new £1.25 billion facility which was undrawn as at the date of this Prospectus.

Non-operating net cash inflows of £50 million during the half year ended 30 June 2020 included £115 million of cash realised or posted as collateral in respect of derivative instruments entered into by the holding

companies to hedge the Group's exposure to currency and equity risk, partly offset by £67 million of recharged staff costs and Group expenses associated with corporate-related projects including the transition programme. Net other inflows totalled £2 million.

The shareholder dividend of £169 million represents the payment of the 2019 final dividend in May.

The £1,445 million debt issuance comprises the net proceeds of the £572 million (U.S.$750 million) 5.625 per cent. Fixed Rate Reset Perpetual Restricted Tier 1 Contingent Convertible Notes, the £500 million 5.625 per cent. Tier 2 Notes and the £398 million (U.S.$500 million) 4.750 per cent. Fixed Rate Reset Tier 2 Notes issued in January, April and June respectively this year.

£90 million of funding was provided to the life companies during the half year ended 30 June 2020 to support the bulk purchase annuity new business (based on the assets received on day 1).

Target cash flows

In August 2020, the Group announced cash generation targets, including the impact of the ReAssure Acquisition, of £5.9 billion for the years 2020 to 2023, with a further £13.1 billion of cash generation targeted from 2024 onwards.

The ReAssure Acquisition was based on the value of the business as at 30 September 2019. All economic flows after this date, including cash generation, are therefore attributable to the Group. During the six month period to 30 June 2020, ReAssure delivered £690 million of cash generation and, as such, the combined group therefore delivered £1.1 billion of cash generation in this period.

In August 2020, following the ReAssure Acquisition, the Group updated its short-term 2020 cash generation guidance, increasing the Phoenix only target of £800 million to £900 million to reflect the £690 million of cash generation delivered by ReAssure. The short-term cash generation target for the combined Group is as at the date of this Prospectus set at £1.5 billion to £1.6 billion.

The Group's cash generation targets exclude any additional value from future new business written post 1 January 2020. The Group added £122 million of incremental long-term cash from new business arising from its UK Open and European business segments in the six months ended 30 June 2020. This was split across the UK Open and European business segments as follows: workplace pensions (55 per cent.); retail pensions (12 per cent.); SunLife (12 per cent.); Europe (11 per cent.); and Wrap SIPP (10 per cent.) in the six months ended 30 June 2020. New business contribution in the six months ended 30 June 2020 was £70 million, split across the UK Open and European business segments as follows: workplace pensions (56 per cent.); retail pensions (13 per cent.); SunLife (19 per cent.); Europe (4 per cent.); and Wrap SIPP (7 per cent.). Gross inflows on new business from the Group's UK Open and European business segments amounted to £3.1 billion (UK Open: £2.6 billion and Europe: £0.5 billion) in the six months ended 30 June 2020.

In addition, the Group added £236 million of incremental long-term cash in the six months ended 30 June 2020 from £1.1 billion of bulk purchase annuity liabilities contracted in this period.

Capital strain on new business from the Group's UK Open and European business segments amounted to £13 million (UK Open: £2 million and Europe £11 million) in the six months ended 30 June 2020. Capital strain was £90 million from bulk purchase annuity liabilities contracted in the six months ended 30 June 2020.

The resilience of the cash generation target is demonstrated by the following stress testing:

	1 Jan 2020 to 31 Dec 2023
	(£bn)

	1 Jan 2020 to 31 Dec 2023
	(£bn)
Illustrative stress testing[1]	
Base case four-year target	5.9
Following a 20% fall in equity markets	5.9
Following a 12% fall in property values	5.7
Following a 73bps interest rates rise[2]	6.1
Following a 88bps interest rates fall[2]	5.6
Following credit spread widening[3]	5.7
Following credit downgrade: immediate full letter downgrade on 20% of portfolio[4]	5.2
Following 6% decrease in annuitant mortality rates[5]	5.1
Following a 10% change in lapse rates[6]	5.7

Notes:

(1) Assumes stress occurs on 1 July 2020.

(2) Assumes the dynamic recalculation of transitionals and an element of dynamic hedging which is performed on a continuous basis to minimise exposure to the interaction of rates with other correlated risks including longevity.

(3) Credit stress varies by rating and term and is equivalent to an average 120bps spread widening (full range of spread widening is 49bps to 204bps) and includes no allowance for the cost of defaults/downgrades.

(4) Impact of an immediate full letter downgrade across 20 per cent. of the shareholder exposure to the bond portfolio (e.g. from AAA to AA, AA to A, etc). This sensitivity assumes no management actions are taken to rebalance the annuity portfolio back to the original average credit rating and makes no allowance for the spread widening which would be associated with a downgrade.

(5) Equivalent of six months increase in longevity applied to the annuity portfolio.

(6) Assumes most onerous impact of a 10 per cent. increase/decrease in lapse rates across different product groups.

The Group's expected uses of cash for the years 2020 to 2023 are set out in the table below.

	(£bn)
Illustrative 2020 – 2023 uses of cash	
Operating costs and interest[1]	1.4
Dividend[2]	1.9
Debt maturities and call dates	0.8
Available for growth	1.8

Notes:

(1) Illustrative combined Group operating expenses of £45 million per annum over 2020 to 2023. Phoenix pension scheme contributions estimated to be in line with current funding agreements, comprising £70 million in respect of the Pearl Scheme and £39 million in respect of the Abbey Life Scheme. Assumes integration costs of circa £200 million net of tax, split circa £150 million for the integration of Standard Life integration and circa £50 million for the integration of ReAssure. Includes interest on the Group's listed debt and senior debt, but excludes interest on the £200,000,000 7.25 per cent. Undated, Unsecured Tier 2 Notes issued by PLL which is incurred directly by PLL.

(£bn)

(2) Illustrative dividend allowing for the issue of equity and a 3 per cent. increase.

Targeted cash flows after 2024

There is a targeted £13.1 billion of cash to emerge after 2024 of which it is expected that £4.2 billion will be used to repay the principal amounts on the Group's oustanding debt along with £0.9 billion on interest. This leaves £8.0 billion of cash generation for dividends, operating expenses and growth. This assumes no management actions after 2024 and no additional value from future new business from the Group's open business.

Capital

Solvency Capital Requirement

Following completion of the onshoring of the Group, a new UK-registered holding company, PGH was put in place as the ultimate parent company of the Group in December 2018.

In accordance with EIOPA and PRA requirements, since 1 January 2016 the Group has undertaken a Solvency II capital adequacy assessment and Group supervision at the level of the highest EEA insurance group holding company, being PGH as at the date of this Prospectus.

Solvency II Surplus

A Solvency II capital assessment involves a valuation in line with Solvency II principles of the Group's Own Funds and a risk-based assessment of the Group's Solvency Capital Requirement ("**SCR**"). PGH's Own Funds differ materially from the Group's IFRS equity for a number of reasons, including the recognition of future shareholder transfers from the with-profits funds and future management charges on investment contracts, the treatment of certain subordinated debt instruments as capital items, and a number of valuation differences, most notably in respect of insurance contract liabilities and intangible assets.

The SCR is calibrated so that the likelihood of a loss exceeding the SCR is less than 0.5 per cent. over one year. This ensures that capital is sufficient to withstand a broadly '1-in-200 year event'.

In December 2015, the Group was granted the PRA's approval for use of its Solvency II Internal Model to assess capital requirements of the pre-SLA Acquisition group, the scope of which was extended to include the acquired SunLife Embassy Business and Abbey Life businesses in March 2017 and March 2018 respectively.

The acquired Standard Life Assurance businesses determine their capital requirements in accordance with a separately approved Solvency II Internal Model, which was in place prior to the acquisition of those businesses. The one exception to this is SLIDAC, the Group's Irish subsidiary, which remains on the Standard Formula. These calculations then feed in to a single Group SCR. The Group is working with the PRA to create a single Group-wide Solvency II Internal Model covering all UK entities (excluding ReAssure). This process is currently expected to conclude during the first half of 2021, subject to PRA approval. The Group also intends to seek approval to move SLIDAC to a Partial Internal Model in the future.

Following completion of the ReAssure Acquisition, the ReAssure Life Companies have become part of the Group SCR calculation and the ReAssure entities will calculate their SCR in accordance with the Standard Formula. Eventually, the Group intends to extend the scope of its harmonised Solvency II Internal Model to include the UK ReAssure entities. The application to include the UK ReAssure entities is not expected to be submitted before the harmonised Solvency II Internal Model is approved.

The consolidated PGH Solvency II Surplus position at 30 June 2020 is set out in the table below:

	Estimated position as at 30 June 2020	Actual position as at 31 December 2019
	(£bn)	*(£bn)*
Own Funds[(1)]	12.7	10.8
SCR[(2)]	(8.7)	(7.7)
Surplus[(3)]	4.0	3.1

Notes:

(1) Own Funds includes the net assets of the life and holding companies calculated under Solvency II rules, pension scheme surpluses calculated on an IAS19 basis not exceeding the holding companies' contribution to the Group SCR and qualifying subordinated liabilities. It is stated net of restrictions for assets which are non-transferable and fungible between Group companies within a period of nine months and net of the impact of a dynamic recalculation of Transitional Measures on Technical Provisions ("**TMTP**").

(2) The SCR reflects the risks and obligations to which PGH is exposed.

(3) The surplus equates to a regulatory coverage ratio of 146 per cent. as at 30 June 2020 (140 per cent. as at 31 December 2019).

In the calculation of the Solvency II surplus, the SCR of unsupported with-profit funds and the Group's pension schemes is included, but the related eligible Own Funds are recognised only to a maximum of their respective SCR amounts. The SCR of the unsupported with-profit funds and the Group's pension schemes as at 30 June 2020 was £2.5 billion (£2.0 billion as at 31 December 2019) and £0.4 billion (£0.5 billion as at 31 December 2019) respectively. The Solvency II Surplus excludes the surpluses arising in the Group's unsupported with-profits funds and unsupported pension schemes of £2.0 billion as at 30 June 2020. Surpluses that arise in with-profits funds and the PGL Pension Scheme, whilst not included in the Solvency II Surplus, are available to absorb economic shocks. This means that the headline surplus is resilient to economic stresses. During the six month period ended 30 June 2020, management actions increased the Solvency II Surplus by £0.1 billion along with a £0.2 billion increase in Own Funds and a £0.1 billion increase in SCR.

Excluding the SCR and Own Funds relating to the unsupported with-profit funds and the PGL Pension Scheme, the Shareholder Capital Coverage Ratio was 169 per cent. as at 30 June 2020. The Group targets a Shareholder Capital Coverage Ratio of 140 to 180 per cent.

Had the ReAssure Acquisition taken place on 30 June 2020 or 31 December 2019, the combined Group's Solvency II Surplus position (on a shareholder basis) would have been as set out in the table below[3]:

	Estimated position as at 30 June 2020[(3)]	Estimated position as at 31 December 2019
	(£bn)	*(£bn)*
Own Funds[(1)]	13.2	13.0

[3] ReAssure's Solvency II position calculated on a Standard Formula basis is included consisting of a Solvency II Surplus of £1.7 billion equating to a regulatory capital coverage ratio of 154 per cent. and a Shareholder Capital Coverage Ratio of 157 per cent. as at 30 June 2020.

	Estimated position as at 30 June 2020[3]	Estimated position as at 31 December 2019
	(£bn)	*(£bn)*
SCR[2]	(8.8)	(8.6)
Surplus	4.4[3]	4.4

Notes:

(1) Own Funds includes the net assets of the life and holding companies calculated under Solvency II rules, pension scheme surpluses calculated on an IAS19 basis not exceeding the holding companies' contribution to the Group SCR and qualifying subordinated liabilities. It is stated net of restrictions for assets which are non-transferable and fungible between Group companies within a period of nine months and net of the impact of a dynamic recalculation of Transitional Measures on Technical Provisions ("**TMTP**").

(2) The SCR reflects the risks and obligations to which the Group is exposed.

(3) This includes £120 million of capital synergies from the delivery of equity hedging actions.

Had the ReAssure Acquisition taken place on 30 June 2020, the Shareholder Capital Coverage Ratio would have been 150 per cent. (or 152 per cent. had the ReAssure Acquisition taken place on 31 December 2019).

The resilience of the combined Group's Shareholder Capital Coverage Ratio is demonstrated by illustrative stress testing as set out in the table below:

	Shareholder Capital Coverage Ratio
	(%)
Illustrative stress testing[1]	
As at 30 June 2020[2]	150
Following a 20% fall in equity markets	150
Following a 12% fall in property values	147
Following a 73bps interest rates rise[3]	154
Following a 88bps interest rates fall[3]	146
Following credit spread widening[4]	149
Following credit downgrade: immediate full letter downgrade on 20% of portfolio[5]	142
Following 6% six months increase in longevity[6]	140
Following a 10% change in lapse rates[7]	147

Notes:

(1) Assumes stress occurs on 1 July 2020.

(2) Assumes the ReAssure Acquisition took place on 30 June 2020.

(3) Assumes the dynamic recalculation of transitionals and an element of dynamic hedging which is performed on a continuous basis to minimise exposure to the interaction of rates with other correlated risks including longevity.

(4) Credit stress varies by rating and term and is equivalent to an average 120bps spread widening (full range of spread widening is 49bps to 204bps). It assumes the impact of a dynamic recalculation of transitionals and includes no allowance for the cost of defaults/downgrades.

(5) Impact of an immediate full letter downgrade across 20 per cent. of the shareholder exposure to the bond portfolio (e.g. from AAA to AA, AA to A, etc). This sensitivity assumes no management actions are taken to rebalance the annuity portfolio back to the original average credit rating and makes no allowance for the spread widening which would be associated with a downgrade.

(6) Applied to the annuity portfolio.

(7) Assumes most onerous impact of a 10 per cent. increase/decrease in lapse rates across different product groups.

Minimum Capital Requirement

Solvency II sets out two methods for calculating Group solvency, 'Method 1' (being the default accounting based consolidation method) and 'Method 2' (a deduction and aggregation method). Method 2 is used for all entities within the Standard Life Assurance businesses acquired pursuant to the SLA Acquisition and Method 1 is used for all other entities in the Group. The Group has approval to use a combination of Methods 1 and 2 for consolidating its Group solvency results.

The SCR is a Standard Own Funds level that an insurer is required to maintain by the PRA pursuant to Solvency II. The Group SCR requires the SCR for the Method 1 group of entities to be aggregated with the SCR of the Method 2 entities, with no allowance for further diversification. The solo minimum capital requirement ("**MCR**") is intended to be the minimum amount of capital an insurer is required to hold pursuant to Solvency II below which policyholders and beneficiaries would become exposed to an unacceptable level of risk if an insurer was allowed to continue its operations. For groups, the minimum consolidated group SCR serves as a proxy for a 'group MCR'. The minimum Group SCR of the Method 1 part of the Group is referred to below as the "**MGSCR**" and represents the sum of the underlying insurance companies' MCRs in respect of the Method 1 part of the Group. This therefore excludes the Method 2 sub-group comprising the Standard Life businesses acquired pursuant to the SLA Acquisition. While the Solvency II regime requires the aggregation of a single Group SCR, this is not the case for the Group under the Solvency II reporting requirements in the context of the MGSCR.

MCR is calculated according to a formula prescribed by the Solvency II regime and is subject to a floor of 25 per cent. of the SCR or €3.7 million, whichever is higher, and a cap of 45 per cent. of the SCR. The MCR formula is based on factors applied to technical provisions and capital at risk.

The eligible Own Funds to cover the MCR or MGSCR is subject to quantitative limits as shown below:

- the eligible amounts of Tier 1 items should be at least 80 per cent. of the MCR / MGSCR; and
- the eligible amounts of Tier 2 items shall not exceed 20 per cent. of the MCR / MGSCR.

The Group's MGSCR at 30 June 2020 is £1.3 billion (31 December 2019: £1.1 billion).

The Group's Method 1 eligible Own Funds to cover the MGSCR as at 30 June 2020 was £5.3 billion (31 December 2019: £4.3 billion) leaving an excess of eligible Own Funds over MGSCR of £4.0 billion (31 December 2019: £3.2 billion), which translates to an MGSCR coverage ratio of 419 per cent. (31 December 2019: 386 per cent.).

The aggregated MCR for the Method 2 sub-group equated to £1.3 billion as at 30 June 2020 (31 December 2019: £1.2 billion), with eligible Own Funds for that sub-group of £4.9 billion (31 December 2019: £4.9 billion), leaving an excess of eligible Own Funds of £3.6 billion (31 December 2019: £3.7 billion). This would translate into an aggregated MCR coverage ratio of 374 per cent. (31 December 2019: 394 per cent.)

for the Method 2 sub-group and means that, if a single MGSCR for the entire Group had been required to be calculated as at 30 June 2020, the MGSCR coverage ratio would have been 23 percentage points lower (31 December 2019: 4 percentage points higher) than the actual reported MGSCR.

Had the ReAssure Acquisition occurred on 30 June 2020, the Group's MGSCR would have increased from £1.3 billion to £2.0 billion. The Method 1 eligible Own Funds to cover the MGSCR would have been £7.5 billion, which translates to an MGSCR coverage ratio of 380 per cent. Including the aggregated MCR and eligible Own Funds for the Method 2 sub-group as set out above, the MGSCR coverage ratio for the entire Group assuming the ReAssure Acquisition had occurred on 30 June 2020 would have been 377 per cent.

	30 June 2020	**31 December 2019**
	(*£bn*)	(*£bn*)
Eligible Own Funds to cover MGSCR		
Tier 1	5.1	4.1
Tier 2	0.2	0.2
Total eligible Own Funds to cover MGSCR	5.3	4.3

See also the 2019 SFCR Reports and the SCR Announcement, as incorporated by reference in this Prospectus.

Credit portfolio

As at 30 June 2020, the Group held a portfolio of £6.1 billion of illiquid credit assets. The credit quality of the portfolio as at 30 June 2020 was: 37 per cent. AAA; 18 per cent. AA; 33 per cent. A; 10 per cent. BBB; and 2 per cent. BB and below. The porfolio also had 2.2 per cent. exposure to airlines, hotels, leisure and traditional retail.

During the six month period ended 30 June 2020, illiquid investment origination was £789 million (compared to £536 million as at 30 June 2019, equating to a 47 per cent. increase). This included £340 million of environmental, social and governance investments. Illiquid investments as at 30 June 2020 comprise 27 per cent. of asset backing annuity liabilities (compared to a target of 40 per cent.). The investments originated during the six month period ended 30 June 2020 had an average credit rating of 'A+'.

ReAssure also has a high quality credit portfolio that has not been the subject of any defaults. ReAssure maintains active management of the portfolio using an assets 'watchlist' for daily monitoring of the sectors with most downgrade exposure. The credit quality of the portfolio was: 6 per cent. AAA as at 30 June 2020 (5 per cent. as at 31 December 2019 and 5 per cent. as at 31 December 2018); 30 per cent. AA as at 30 June 2020 (31 per cent. as at 31 December 2019 and 31 per cent. as at 31 December 2018); 34 per cent. A as at 30 June 2020 (35 per cent. as at 31 December 2019 and 29 per cent. as at 31 December 2018); 29 per cent. BBB as at 30 June 2020 (28 per cent. as at 31 December 2019 and 33 per cent. as at 31 December 2018); and 1 per cent. BB and below as at 30 June 2020 (1 per cent. as at 31 December 2019 and 2 per cent. as at 31 December 2018).

The largest sectors represented in the portfolio as at 30 June 2020 were gilts, sovereign, supranational and non-cylical consumer (28 per cent.); utilities (15 per cent.); banks (14 per cent.); technology and telecoms (8 per cent.); non-cyclical consumer (7 per cent.); infrastructure (6 per cent.); industrials (5 per cent.); and real estate (5 per cent.). The porfolio also had 2.7 per cent. exposure to airlines, hotels, leisure and traditional retail and 1.4 per cent. exposure to the oil and gas sector.

Indebtedness

Please see note 13 to the 2020 Half Year Report and Accounts of PGH, as incorporated by reference herein. See also "*Material Contracts – Outstanding debt*" for further information on the Group's indebtedness.

The Group manages the level of debt on its balance sheet by monitoring its financial leverage ratio. The financial leverage ratio as at 30 June 2020 (as calculated by the Group in accordance with Fitch Ratings' stated methodology) is 27 per cent. (22 per cent. as at 31 December 2019) and remains below the target range of 25 to 30 per cent.

The financial leverage ratio on an IFRS and Solvency II basis as at 30 June 2020 is 44 per cent. and 33 per cent. respectively.[4]

Outsourcing Relationships

The Group's outsourced service providers are specialist providers of life and pensions administration services, asset management and fund administration services, with the know-how, expertise and business models that put asset management and administration at the core of their service offerings. The services provided by outsourced service providers include policy administration, human resources, financial administration, asset management and fund administration services.

The most significant outsourcing relationships for policy administration services are with Diligenta and Capita Life and Pensions. The Group intends to grow its relationship with Diligenta over the next 3 to 5 years, transferring circa 2 million legacy PGH policies and a further 4 million SLAL policies. For asset management services, the Group's most significant relationships are with Standard Life Aberdeen plc and Janus Henderson Investors. In addition, there are a number of other key outsourcing partners.

As closed life funds run-off, fees generated from the management of policies generally decrease over time. Therefore, the Group continues to benefit from these outsourcing arrangements, which align in part its costs with the policy run-off profile of its book. The use of outsourced service providers in both its open and heritage businesses enable the Group to better shift its cost base from a largely fixed cost base to a more variable per-policy basis. The Group's outsourced service providers are also able to offer their services at a competitive price per policy due to their larger economies of scale and infrastructure investments and furthermore, these partnerships allow for additional technical and operational expertise to be brought to bear at competitive pricing, whilst minimising any risk transfer to the Group.

In November 2019, the Group confirmed an enlarged partnership with technology and service provider Tata Consultancy Services, to support delivery of its Hybrid Customer Services and IT operating model, the final phase of its transition programme in connection with the SLA Acquisition.

Pensions

The Group's main staff pension schemes for its employees include the Pearl Scheme, the PGL Pension Scheme, the Abbey Life Pension Scheme, the Phoenix Group Master Trust Pension Plan administered by Standard Life and the ReAssure Pension Schemes. For all colleagues who have reached the annual or lifetime allowance limits, a cash supplement is paid in lieu of pension contribution.

[4] The IFRS financial leverage ratio is calculated by taking the sum of all the Group's debt (including its Restricted Tier 1 Notes) and dividing this by the sum of the Group's debt (including its Restricted Tier 1 Notes) and shareholder equity only. The Solvency II financial leverage ratio is calculated by taking the sum of all the Group's debt (including the Group's Restricted Tier 1 Notes) and dividing this by the Solvency II Regulatory Own Funds.

The Pearl Scheme

The Pearl Scheme comprises a final salary section, a money purchase section and a hybrid section (a mix of final salary and money purchase). The final salary and hybrid sections of the Pearl Scheme are closed to new members and since 1 July 2011 have also been closed to future accrual by active members. The defined benefit section of the Pearl Scheme has no active members. The money purchase section closed to future accrual by active members of the money purchase section with effect from 30 June 2020.

The PGL Pension Scheme

The PGL Pension Scheme comprises a final salary section and a defined contribution section.

The defined benefit sections of the PGL Pension Scheme is a final salary arrangement which is closed to new members and since 1 July 2011 has also been closed to future accrual by active members. The defined benefit section of the PGL Pension Scheme has no active members and all liabilities are fully insured with PLL. The defined contribution section closed to future accrual by active members with effect from 30 June 2020.

The Abbey Life Pension Scheme

The Abbey Life Pension Scheme is a final salary arrangement containing a small amount of defined contribution benefits, and is closed to new members and to future accruals, and contains no active members.

In June 2013, Abbey Life set up the 2013 Charged Account and the 2016 Charged Account into which payments were made under a funding agreement with the trustee. Further information on the 2013 Charged Account and the 2016 Charged Account are set out in the section entitled "*Material Contracts*" below.

The Phoenix Group Master Trust Pension Plan

With effect from 1 July 2020, employees of legacy Phoenix pension plans (excluding the members of the Group Flexible Retirement Plan described below) have defined contributions paid by the Group into the Phoenix Group Master Trust Pension Plan administered by Standard Life. This plan has an employer core contribution of 10 per cent. plus matching on a one for one basis up to a further 2 per cent., making total employer contribution maximum 12 per cent.

Pension Arrangements for UK based Standard Life Assets and Employee Services Limited employees

With effect from August 2018 a new defined contribution Group Flexible Retirement Plan was established for all Standard Life Assets and Employee Services Limited ("**SLAESL**") employees transferring to the Group on the acquisition of Standard Life. This plan has an employer core contribution of 12 per cent. plus matching on a one for one basis up to a further 4 per cent., making total employer contribution maximum 16 per cent. This plan closed to new members from 1 July 2020 as all new employees will now join the Phoenix Group Master Trust Pension Plan administered by Standard Life.

Pension Arrangements for Irish based Standard Life Assets and Employee Services Limited and Standard Life International Employees

With effect from September 2018 the trust-based Phoenix Standard Life Defined Contribution Scheme was established for all SLAESL and Standard Life International employees transferring to the Group on the acquisition of Standard Life. This plan has an employer core contribution of 12 per cent. plus matching on a one for one basis up to a further 4 per cent., making total employer contribution maximum 16 per cent. This plan remains open to new employees in Ireland although from 1 July 2020 contribution rates for new members will be aligned to that of the Phoenix Group Master Trust Pension Plan administered by Standard Life at a core 10 per cent. plus matching on a one for one basis up to a further 2 per cent., making total employer contribution maximum 12 per cent.

The ReAssure Group Pension Arrangements

The ReAssure Group operates a defined contribution ReAssure Group Personal Plan ("**ReAssure GPP**") and two defined benefit pension schemes, the ReAssure Staff Pension Scheme ("**RSPS**") and the Private Retirement Trust ("**PRT**"). As at 31 March 2020, there were 3,217 active members in the ReAssure GPP. In addition, as at 31 March 2020, 38 employees were active members of the Swiss Re Life Capital defined contribution scheme and a further 19 employees were active members in an ex-Guardian defined contribution scheme. The ReAssure GPP's contribution rates by the ReAssure Group are generally 5 per cent. and vary based on a number of factors (including whether an individual member has opted into auto-enrolment or is a member of a legacy arrangement), and the ReAssure Group will further match relevant employee contributions made via salary sacrifice up to a maximum of an additional 5 per cent.

The ReAssure Group's defined benefit pension schemes are closed to new members. The Group also operates an unfunded unapproved retirement benefit scheme or private retirement trust for one deferred member.

The Group has an unconditional right to the return of any surplus in the scheme once all the scheme liabilities have been satisfied. As a result there is no requirement to apply an asset ceiling under IAS 19 and any surplus in the scheme can be recognised as an asset in the company balance sheet.

Future funding requirements are determined by the outcome of the triennial scheme valuation which was last performed at 31 December 2017. The scheme trustee's primary funding objective is the statutory funding objective, which is to have sufficient and appropriate assets to cover the scheme's technical provisions (the amount that the scheme trustee has determined to be required to make provision for the scheme's liabilities).

The 31 December 2017 triennial actuarial valuation of the RSPS revealed a shortfall under this objective, and so a recovery plan (the "**Recovery Plan**") was agreed between the scheme trustee and the Group in order to make good the deficit. Under the Recovery Plan, the Group has paid a monetary amount of £17.0 million into a custody account (the "**Custody Account**"). This account has been included within the ReAssure Group's financial investments as at 31 December 2019. The amount held in the Custody Account will be assessed at future valuations and additional payments will be made by the Group if this is deemed insufficient to meet the balance of the funding shortfall as at 31 December 2025. If the assumptions documented in the Statement of Funding Principles are borne out in practice, the amount expected to be held in the Custody Account as at 31 December 2025 would be more than sufficient to remove any remaining deficit at 31 December 2025.

The assumptions used in calculating the accounting costs and obligations of the RSPS and the private retirement trust, as detailed below, are set by the directors after consultation with independent, professionally qualified actuaries. The basis for these assumptions is prescribed by IAS 19 and they do not reflect the assumptions that may be used in future funding valuations of the RSPS.

See "*Risk Factors – Risks relating to the Group – Internal Operations, Management and Third Party Arrangements – The Group may be required to make further contributions, in addition to those already agreed, to its defined benefit pension schemes for employees if the value of or cashflows from pension fund assets is not sufficient to cover future obligations under the schemes.*" for a further discussion on the ReAssure Group's defined benefit pension schemes.

As part of the RLL Acquisition, the ReAssure Group acquired the defined contribution scheme operated by RLL and RLL will administer the scheme for a period of time following the completion of the RLL Acquisition.

Employees

Prior to the ReAssure Acquisition, the Group operated across eight primary locations in Birmingham, London, Edinburgh, Glasgow, Dublin, Frankfurt, Basingstoke and Bristol. It had 5,658 employees as at 31 December 2019, of which 1,380 were considered to be "fixed term" employees with specified end dates.

The office in St Paul's, London is home to the Group's corporate functions and as of 31 December 2019 included 90 people across finance, actuarial, legal, tax and treasury, risk and corporate development. As of 31 December 2019, the office in Wythall, Birmingham included 722 people, including all of the Phoenix Life Company functions across finance, actuarial, legal, tax, customer and operations, as well as the risk and compliance and human resource teams. As of 31 December 2019, the Standard Life business in Edinburgh operated with 3,984 employees, with a further 371 employees in Dublin and 255 in Frankfurt.

The following table shows the number of employees of the Group as at 31 December 2019, 31 December 2018 and 31 December 2017:

	Number of employees
As at 31 December 2019	5,658
As at 31 December 2018	4,392
As at 31 December 2017	1,305

The Group has collective consultation agreements in place with Unite, the largest UK trade union, covering certain categories of employees across Wythall, Basingstoke and Bristol sites and VIVO (staff association) covering all of Edinburgh.

Upon completion of the ReAssure Acquisition on 22 July 2020, the Group acquired approximately 3,021 employees as well as 197 contractors or temporary staff to cover flexible resource requirements. The ReAssure Group's employees are spread across Telford, Hitchin, Norwich, Preston and London in the United Kingdom and in Dublin, Ireland. ReAssure employees are represented by an Employee Liaison Group for employee relations and collective consultation purposes.

Properties

In the UK, the Group primarily operates from leased office premises in London, Bristol and Edinburgh, and premises owned by the Group in Wythall, Basingstoke and Telford (the registered and main office premises of the ReAssure Group). In Europe, the Group operates from leased premises in Frankfurt, Graz and Dublin.

The ReAssure Group also has other operations at UK premises leased by the ReAssure Group in Hitchin, London, Preston and Hove and occupied under a licence in Norwich. Additionally, as part of the RLL Acquisition, the ReAssure Group will sub-lease two floors of a RLL property located in Southampton for two years.

Directors

The following table lists the names, ages and positions of the Directors. Andy Briggs and Rakesh Thakrar were appointed as directors of PGH on 10 February 2020 and 15 May 2020 respectively. Mike Tumilty was appointed as a non-executive director of PGH on 1 September 2019. Christopher Minter and Hiroyuki Iioka were appointed as non-executive directors of PGH on 23 July 2020. The remaining Directors were appointed as directors of PGH on 15 October 2018:

Name	**Age**	**Position**
Nicholas Lyons	61	Chairman and Nomination Committee Chairman
Andy Briggs	54	Group Chief Executive Officer

Rakesh Thakrar	44	Chief Financial Officer
Alastair Barbour	67	Senior Independent Non-Executive Director and Audit Committee Chairman
Karen Green	53	Independent Non-Executive Director
Hiroyuki Iioka	55	Non-Executive Director
Wendy Mayall	62	Independent Non-Executive Director
Christopher Minter	53	Non-Executive Director
John Pollock	61	Independent Non-Executive Director and Risk Committee Chairman
Belinda Richards	62	Independent Non-Executive Director
Nicholas Shott	69	Independent Non-Executive Director
Kory Sorenson	51	Independent Non-Executive Director and Remuneration Committee Chair
Mike Tumilty	49	Non-Executive Director

The business address of each of the Directors is Juxon House, 100 St Paul's Churchyard, London EC4M 8BU.

Directors' biographies

Nicholas Lyons

Chairman

Nicholas Lyons was appointed Chairman of the Board of Directors of PGH and Chairman of the Nomination Committee of PGH with effect from 31 October 2018. Mr Lyons joined JP Morgan in 1982, where he worked for 12 years in debt and equity capital markets and mergers and acquisitions. He spent eight years at Lehman Brothers, as a Managing Director in their European financial institutions group, ending his executive career in 2003 as Global Co-Head of Recruitment. Mr Lyons has held a number of positions on the boards of other financial institutions including the Pension Insurance Corporation, where he was the Senior Independent Director from 2016 until July 2018. He also held positions on the boards of the Catlin Group Limited, Miller Insurance Services Ltd where he was Chairman from 2008 until 2016, Friends Life Group Limited and Friends Life Holdings plc. Mr Lyons is on the Board of the British United Provident Association Limited (BUPA) and Convex Group Limited and is also Chairman of Clipstone Industrial REIT plc. He is an Alderman in the City of London Corporation.

Andy Briggs

Group Chief Executive Officer

Andy Briggs was appointed Group Chief Executive Officer of PGH on 10 March 2020. Mr Briggs has over 30 years of insurance industry leadership experience and is a qualified actuary. He was Group Chief Executive of Friends Life, the listed insurer, Managing Director of Scottish Widows, Chief Executive of the Retirement Income division at Prudential and Chairman of the ABI. Most recently he was CEO UK Insurance of Aviva plc until April 2019. He is a Trustee and Chair of the Income Generation Committee of the NSPCC and also serves as the UK Government's Business Champion for the Ageing Society.

Rakesh Thakrar

Chief Financial Officer

Rakesh Thakrar was appointed to the board of directors of PGH on 15 May 2020 and following receipt of regulatory approval was appointed as the Chief Financial Officer on 21 July 2020. Mr Thakrar has over 20 years' experience in the life assurance industry and financial services. He joined the Group in 2001, since when he has held a number of positions including senior finance and strategy-related roles and has been responsible for the Group's financial performance, internal and external reporting obligations and supporting the delivery of the Group's strategy. Before joining Phoenix, Mr Thakrar worked for Canada Life, gaining experience in a variety of financial-related areas.

Alastair Barbour

Senior Independent Non-Executive Director

Alastair Barbour has over 30 years' audit experience with KPMG where he worked across the full spectrum of financial services clients from large general insurers and reinsurers to the life insurance and investment management sector, working on a range of operational and strategic issues. Mr Barbour is the former Head of Financial Services, Scotland for KPMG. He retired from KPMG in 2011 to build a Non-Executive career. He is a Director and Audit Committee Chairman of RSA Insurance Group plc and Liontrust Asset Management plc (both London Stock Exchange listed companies). He is also a Director of The Bank of N. T. Butterfield & Son Limited, a group listed on the New York Stock Exchange and in Bermuda. Mr Barbour was appointed to the board of directors of PGH Cayman on 1 October 2013 and was appointed Senior Non-Executive Independent Director on 2 May 2018. He is Chairman of the Board Audit Committee and a member of the Board Nomination Committee and Risk Committee.

Karen Green

Independent Non-Executive Director

Karen Green is the former Chief Executive of Aspen UK, which comprised the UK insurance companies of the global US-listed insurer and reinsurer, Aspen Insurance Holdings and was a member of the Aspen Group Executive Committee for 12 years. She also held a number of other senior positions including as Group Head of Corporate Development, Strategy, and Office of the Group CEO. Prior to that, she held various senior private equity and corporate finance roles from 1997 to 2005 at GE Capital and then MMC Capital, gaining substantial M&A experience, having worked previously at Baring Brothers and Schroders. Ms Green is Non-Executive Director of Admiral Group plc and is a Council Member of Lloyd's of London. She is also a Vice President of the Insurance Institute of London. Ms Green was appointed to the board of directors of PGH Cayman with effect from 1 July 2017.

Hiroyuki Iioka

Non-Executive Director

Pursuant to the ReAssure Relationship Agreements, Hiroyuki Iioka has been appointed to the Board of Directors as the representative of MS&AD. Mr Iioka is the Senior General Manager, Business Development Department for MS&AD, responsible for business investment planning and co-ordination, including international life insurance businesses. Mr Iioka has, since December 2019, been an alternate non-executive director of Challenger Limited which is listed on the Australian Stock Exchange.

Wendy Mayall

Independent Non-Executive Director

Wendy Mayall has over 30 years of asset management experience, including as Group Chief Investment officer and later consultant at Liverpool Victoria from 2012 to 2015, having previously been Chief Investment Officer for Unilever's UK pension fund from 1996 to 2011 and holding management responsibility for Unilever's pension funds globally. From 2006 to 2009, Ms Mayall was the Chair of the Investment Committee of the Mineworkers Pension Scheme, a British government appointment to one of the largest government backed pension schemes in the UK. Ms Mayall is a Non-Executive Director of Aberdeen Global Funds (Luxembourg) and Old Mutual Wealth Oversight Council. She is also the Senior Independent Director and Audit Committee Chair of Fidelity Investments Life Insurance Company and Chair of the Funding Committee for TPT Retirement Solutions. Mrs Mayall was appointed to the board of directors of PGH Cayman with effect from 1 September 2016.

Christopher Minter

Non-Executive Director

Pursuant to the ReAssure Relationship Agreements, Christopher Minter has been appointed to the Board of Directors as the representative of Swiss Re. Mr Minter is the Head of Principal Investments & Acquisitions of Swiss Re, responsible for the ongoing management of Swiss Re's principal investments portfolio as well as for acquisitions and divestments of both strategic and financial holdings of Swiss Re and its subsidiaries (the "**Swiss Re Group**"). Mr Minter has, since December 2018, been a non-executive director of Britam Holdings plc which is listed on the Nairobi Securities Exchange. Between January 2014 and May 2019, Mr Minter was also a director of Sul América S.A. which is listed on the Brazil Stock Exchange.

John Pollock

Independent Non-Executive Director

John Pollock had a career in life assurance at the Legal & General Group from 1980 to 2015, including as an Executive Director of Legal & General Group plc from 2003 to 2015. Mr Pollock held numerous senior roles, gaining wide strategic and technical experience, finally as Chief Executive Officer of LGAS (L&G Assurance Society), one of Legal and Generals' three primary business units. Prior to Mr Pollock's retirement from Legal and General in 2015, he held positions as Deputy Chair of the FCA Practitioner Panel, Chairman of investment platform Cofunds, and as a Non-Executive Director of the Cala Homes Group. Mr Pollock was appointed to the board of directors of PGH Cayman with effect from 1 September 2016.

Belinda Richards

Independent Non-Executive Director

Belinda Richards has held senior executive positions at KPMG, EY, and latterly Deloitte from 2000 to 2010 where she was a senior corporate finance Partner and the Global Head of Merger Integration and Separation Advisory Services. She is an experienced Non-Executive Director, currently on the Boards of WM Morrison Supermarkets plc, Avast plc, The Monks Investment Trust plc and Schroder Japan Growth Fund plc. Previously, she has also been on the Boards of Aviva UK Life & Pensions, Grainger plc, Balfour Beatty plc and Friends Life Group Plc. Ms Richards was appointed to the board of directors of PGH Cayman with effect from 1 October 2017.

Nicholas Shott

Independent Non-Executive Director

Nicholas Shott is an investment banker, who has been European Vice Chairman of Lazard since 2007 and Head of UK Investment Banking at Lazard since 2009. Mr Shott joined Lazard in 1991 and became a partner in 1997. Mr Shott was appointed to the board of directors of PGH Cayman with effect from 1 September 2016.

Kory Sorenson

Independent Non-Executive Director

Kory Sorenson is currently a Non-Executive Director and Chairman of the Audit Committee of SCOR SE, a Non-Executive Director and Chairman of the Remuneration Committee of Pernod Ricard SA, a Non-Executive Director and member of the Audit Committee of SGS SA and a member of the Supervisory Board of the privately-owned Bank Gutmann AG. Ms Sorenson has over 27 years of experience in the financial services sector, most of which has been focused on insurance and banking. She was a Member of the Supervisory Board of Uniqa Group (Austria), Non-Executive Director of Aviva Insurance Limited (UK), Member of the Supervisory Board of the Institut Pasteur (France), Managing Director, Head of Insurance Capital Markets of Barclays Capital and also held senior positions in the financial institutions divisions of Credit Suisse, Lehman Brothers and Morgan Stanley. She began her career in the finance department of Total SA. Ms Sorenson was appointed to the board of directors of PGH Cayman with effect from 1 July 2014 and is Chair of the Remuneration Committee and a member of the Board Nomination Committee of PGH.

Mike Tumilty

Non-Executive Director

Michael Tumilty is the Global Chief Operating Officer of Standard Life Aberdeen. He has worked in the Financial Services industry for 24 years, holding various senior positions, including Director of Operations at Aberdeen Standard Investments and Head of Investment Operations at Standard Life. He was nominated by Standard Life Aberdeen and appointed to the Board of directors on 1 September 2019.

Other directorships/partnerships of the Board of Directors

In respect of each Director, details are set out below of the companies (not including any member of the Group) of which such Director has been a member of the administrative, management or supervisory bodies or partner at any time in the five years prior to the date of this Prospectus:

Name	Current directorship/partnership	Previous directorship/partnership
Nicholas Lyons	Clipstone Logistics REIT plc	Dawson 2012 Limited
	Convex Group Limited	Dawson Investments (UK) Limited
	Convex Insurance UK Limited	Dawson Trustees Limited
	Convex re Limited	Friends Life Group Limited
	Future Fuels No.1 LLP	Friends Life Holdings plc
	Lord Mayor's Show Limited	Miller Insurance Holdings Limited
	The British United Provident Association Limited	Pension Insurance Corporation Group Limited
	The Merchant Taylors' and Christopher Boone's Almhouses CharityLord	Pension Insurance Corporation plc
		PFIH Limited
		Price Forbes & Partners Limited
		Temple Bar Investment Trust plc

Name	Current directorship/partnership	Previous directorship/partnership
Andy Briggs	None	Aviva Administration Limited Aviva Annuity UK Limited Aviva Employment Services Limited Aviva Insurance Limited Aviva Life & Pensions UK Limited Aviva Life Holdings UK Limited Aviva Life Services UK Limited Aviva PLC Aviva UK Digital Limited Friends Life and Pensions Limited Friends Life FPG Limited Friends Life FPL Limited Friends Life FPLMA Limited Friends Life Group Limited Friends Life Holdings PLC Friends Life Limited Undershaft FAL Limited
Rakesh Thakrar	Mythili Megha Limited	None
Alastair Barbour	Bank of N.T. Butterfield & Son Limited CATCo Reinsurance Fund Limited CATCo Reinsurance Opportunities Fund Ltd Liontrust Asset Management plc Markel CATCo Reinsurance Fund Ltd RSA Insurance Group plc Scottish Equitable Policyholders Trust Limited	CATCo Reinsurance Opportunities Fund Limited Standard Life European Private Equity Trust Plc
Karen Green	Admiral Group plc Aspen Risk Management Limited Aspen Underwriting Limited ASTA Managing Agency Limited Council of Lloyd’s Ffolkes Solutions Ltd	Aspen European Holdings Limited Aspen Insurance UK Limited Aspen Insurance UK Services Limited Aspen Managing Agency Limited
Hiroyuki Iioka	Challenger Limited	ReAssure Group plc ReAssure Jersey One Limited
Wendy Mayall	Aberdeen Alpha Fund Aberdeen Global Fund Aberdeen Global II Aberdeen Islamic SICAV Fund Aberdeen Liquidity Fund (Lux) Fidelity Investments Life Insurance Company Fil Life Insurance Limited Old Mutual Wealth Oversight Council	Aberdeen UK Tracker Trust PLC

Name	Current directorship/partnership	Previous directorship/partnership
	TPT Retirement Solutions	
Christopher Minter	Britam Holdings plc	Sul América S.A.
	Swiss Re Investments Company Ltd	Jersey Hygeia Investments Limited
	Swiss Re Investments Holding Company Ltd	
	Swiss Re Direct Investments Company Ltd	
	Swiss Re Principal Investments Company Ltd	
	Old Buckenham Hall (Brettenham) Educational Trust Ltd	
	Swiss Re Direct Holdings AG	
	Swiss Re Principal Investments Company Asia Pte. Ltd.	
John Pollock	None	Cala 1 Limited
		Cala Group (Holdings) Limited
		Cofunds Limited
		Legal & General Group PLC
		Legal & General International (Holdings) Limited
		Legal & General International Limited
		Legal & General Overseas Holdings Limited
		Legal & General Partnership Services Limited
		Legal and General Assurance Society Limited
Belinda Richards	Avast plc	Aviva Administration Limited
	Monks Investment Trust Public Limited Company	Aviva Annuity UK Limited
	Schroder Japan Growth Fund plc	Aviva Life & Pensions UK Limited
	WM Morrison Supermarkets PLC	Aviva Life Holdings UK Limited
		Aviva Life Services UK Limited
		Friends Life and Pensions Limited
		Friends Life Group Limited
		Friends Life Holdings PLC
		Friends Life Limited
		Undershaft FAL Limited
		Grainger PLC
Nicholas Shott	28 Smith Street Limited	Home Office
	Lazard & Co., Holdings Limited	
	Lazard & Co., Limited	
	Lazard & Co., Services Limited	
	Old Bailey 2005 LLP	
Kory Sorenson	Bank Gutmann AG	Aviva Insurance Limited
	Chateau Troplong Mondot	Institut Pasteur

Name	Current directorship/partnership	Previous directorship/partnership
	Pernod Ricard SA	Uniqa Insurance Group AG
	SCOR Global Life Americas Reinsurance Company	ProMetic Life Sciences Inc
	SCOR Global Life US Reinsurance Company	
	SCOR SE	
	SGS SA	
Mike Tumilty	Aberdeen Asset Investments Limited	Standard Life Portfolio Investments Limited
	Aberdeen Asset Managers Limited	
	Aberdeen Investment Solutions Limited	
	Aberdeen Standard Investments Charitable Foundation	
	Edinburgh Children's Hospital Charity	
	Elevate Portfolio Services Limited	
	Standard Life Investments Limited	
	Standard Life Savings Limited	

Conflicts of interest and other matters

PGH is not aware of any conflicts of interest between any duties owed by the Directors to PGH and their private interests or other duties, save that Mike Tumilty has been nominated to the Board of Directors by Standard Life Aberdeen under the terms of a relationship agreement which regulates PGH and Standard Life Aberdeen's relationship following completion of the SLA Acquisition. Mike Tumilty will continue in his role with Standard Life Aberdeen. Similarly, Christopher Minter and Hiroyuki Iioka have been nominated to the Board of Directors by Swiss Re and MS&AD respectively, pursuant to the ReAssure Relationship Agreements. Both directors will continue in their roles with Swiss Re and MS&AD respectively.

Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) (i) have been entered into by PGH or another member of the Group within the two years immediately preceding the date of this Prospectus which are, or may be, material to the Group or (ii) have been entered into prior to such period and contain provisions under which a member of the Group has an obligation or entitlement which is material to the Group.

ReAssure Share Purchase Agreement

On 6 December 2019, PGH (as buyer), Swiss Re (as seller) and SRL (as guarantor) entered into a share purchase agreement in relation to the ReAssure Acquisition (the "**ReAssure Share Purchase Agreement**"). The ReAssure Acquisition completed on 22 July 2020. The total consideration for the ReAssure Acquisition comprised cash consideration of £1.3 billion along with a non-cash component being 277,277,138 ordinary shares of PGH of £0.10 issued to Swiss Re (the "**Acquisition Shares**") which were admitted to the official list on 23 July 2020.

On 4 August 2019, ReAssure entered into an agreement to acquire ReAssure Life Limited (previously Old Mutual Wealth Life Assurance Limited), the heritage life and pensions division of Quilter plc ("**Quilter**") and the acquisition completed on 31 December 2019 (the "**RLL Acquisition**"). In the context of the RLL

Acquisition, ReAssure has undertaken to provide Quilter with the opportunity to participate in processes to appoint new investment managers and to introduce customers for advice, in each case, within its group.

ReAssure Relationship Agreements

Following the ReAssure Acquisition, PGH has entered into relationship agreements with each of Swiss Re and MS&AD Insurance Group Holdings, Inc. ("**MS&AD**"), in the case of Swiss Re, with effect from completion and, in the case of MS&AD, upon the transfer by Swiss Re to MS&AD of the Acquisition Shares that represent 10 per cent. or more of PGH's total issued share capital pursuant to the ReAssure Share Purchase Agreement, to govern each of Swiss Re's and MS&AD's holdings of shares in PGH and the continuing relationship between PGH and each of Swiss Re and MS&AD following completion of the ReAssure Acquisition (the "**ReAssure Relationship Agreements**"). The ReAssure Relationship Agreements came into effect on 23 July 2020.

Each of the ReAssure Relationship Agreements will cease to be effective if: (i) at any time following completion, PGH's shares are no longer listed on the premium listing segment of the Official List and admitted to trading on the Main Market of the London Stock Exchange; or (ii) the Swiss Re Group and its associates (excluding any member of the PGH Group) (the "**Swiss Re Group Members**") or MS&AD group and its associates (excluding any member of the PGH Group) (the "**MS&AD Group Members**"), as applicable, cease to be interested in aggregate in at least 10 per cent. of the shares in PGH from time to time (excluding the shares held by the Swiss Re Group or MS&AD group, as applicable, (a) for the purposes of providing asset management services to a person other than a Swiss Re Group Member or MS&AD Group Member, as applicable; or (b) on behalf of a customer other than another Swiss Re Group Member or MS&AD Group Member, as applicable (together, the "**Asset Management Shares**"), the relationship agreement between PGH and SwissRe, or the relationship agreement between PGH and MS&AD, as applicable, will also cease to be effective.

The ReAssure Relationship Agreements provide, among other things, that subject to compliance with applicable law or regulations, for so long as the aggregate holding of shares in PGH by all Swiss Re Group Members (excluding any Asset Management Shares) or MS&AD Group Members (excluding any Asset Management Shares), respectively is at least 10 per cent. of the entire share capital of PGH, each of Swiss Re and MS&AD, respectively, shall be entitled to appoint (and remove and reappoint) one non-executive director to the Board of Directors of PGH.

SLAL Share Purchase Agreement

On 23 February 2018, PGH Cayman (as buyer) and Standard Life Aberdeen (as seller) entered into a share purchase agreement, which was amended and restated on 28 May 2018 and on 31 August 2018 (the "**Share Purchase Agreement**"). Under its terms the entire share capital of SLAL was transferred to PGH Cayman on 31 August 2018 and Standard Life Aberdeen gave certain indemnities to PGH Cayman.

The indemnities are subject to specific and overall caps on liability and Standard Life Aberdeen's total liability in respect of all claims relating to the SLA Acquisition is not to exceed £2.93 billion. This includes claims pursuant to the core warranties (e.g. related to Standard Life Aberdeen's title to the shares) in the Share Purchase Agreement but excludes claims pursuant to the Transitional Services Agreement, the Client Service and Proposition Agreement, the Investment Management Agreement and the Trade Mark Licence Agreement. A sub-cap of £730 million applies to other claims in relation to the SLA Acquisition, including pursuant to non-core warranty claims, the Tax Deed and the SLAL Deed of Indemnity, each defined below.

In addition, under the Share Purchase Agreement, there may be an adjustment to the price paid by PGH Cayman in respect of the SLA Acquisition (the "**Purchase Price Adjustment**"). The Purchase Price Adjustment provides that certain types of withdrawals of assets can trigger increases in the consideration paid

by PGH Cayman for Standard Life Assurance under the Share Purchase Agreement. The adjustment will be commensurate to the projected value of fees lost by Standard Life Aberdeen as a result of the withdrawal, taking into account the likely run-off profile of the withdrawn assets. Each year the aggregate value of these adjustments shall be paid by PGH Cayman to Standard Life Aberdeen.

SLAL Deed of Indemnity

On completion of the SLA Acquisition, Standard Life Aberdeen and SLAL entered into a deed of indemnity (the "**SLAL Deed of Indemnity**"). Under the SLAL Deed of Indemnity, Standard Life Aberdeen provided an indemnity to PGH Cayman in respect of certain liabilities arising out of the FCA-mandated, and Standard Life Aberdeen's voluntary, review and redress programme in respect of SLAL's historical non-advised sales of pension annuities, and the FCA's ongoing investigation of historical non-advised annuity sales practices. The aggregate liability of Standard Life Aberdeen for the matters covered by the SLAL Deed of Indemnity is capped at £155 million.

The SLAL Deed of Indemnity applies to the extent that SLAL's unutilised balance sheet provision as at completion of the SLA Acquisition (together with an additional reserve) is insufficient. In the event that SLAL's exposure is less than this provision (and reserve), SLAL shall pay the balance of such provision (and reserve) to Standard Life Aberdeen, together with any interest that may have accrued on such sum.

SLAL has the benefit of insurance that is expected to respond to the indemnified matters. Under the SLAL Deed of Indemnity, SLAL will be required (without prejudice to its rights under the SLAL Deed of Indemnity) to make any available claims under this insurance, with Standard Life Aberdeen taking the benefit of any recoveries.

The SLAL Deed of Indemnity expires four years from completion of the SLA Acquisition.

Tax Deed

On completion of the SLA Acquisition on 31 August 2018, PGH Cayman and Standard Life Aberdeen entered into a deed of tax covenant (the "**Tax Deed**"). Under the Tax Deed, Standard Life Aberdeen provides PGH Cayman with customary protections in relation to certain tax liabilities of SLAL and SLAL's subsidiaries, including certain tax risks in connection with the restructuring of Standard Life Assurance and the Brexit contingency planning. Claims under the Tax Deed are subject to certain exclusions and limitations, including certain financial limitations as described at paragraph "*SLAL Share Purchase Agreement*" above.

Transitional Services Agreement

On 31 August 2018, Standard Life Employee Services Limited ("**SLESL**") and Standard Life Assets and Employee Services Limited ("**SLAESL**") entered into a transitional services agreement (the "**Transitional Services Agreement**"). The Transitional Services Agreement is effective for an initial period of three years from completion of the SLA Acquisition. Either party can request extensions to the provision of a service for a further term (the parties to discuss and agree such extension in good faith).

Under the Transitional Services Agreement, SLESL has agreed to continue to provide certain services or procure that certain services are provided to SLAESL and certain third-party beneficiaries for a specified period. In addition, certain transitional services are being provided by SLAESL to SLESL and certain other companies within Standard Life Aberdeen's retained group on a reverse basis for a specified period. The majority of services are being provided by SLAESL back to SLESL and certain other companies within the retained Standard Life Aberdeen group.

Client Service and Proposition Agreement

On 31 August 2018, SLAL, SLIDAC, and SLAESL entered into the client service and proposition agreement with certain subsidiaries of Standard Life Aberdeen (the "**Client Service and Proposition Agreement**"). The

Client Service and Proposition Agreement can be terminated on customarily limited terms. Absent such termination, it has a rolling term.

SLAL continues to manufacture certain workplace products, drawdown products, individual pension products and onshore bond products, and SLIDAC continues to manufacture certain offshore bond products. These products continue to be made available by members of the Standard Life Aberdeen group, including via its retained platform businesses where applicable. Standard Life Aberdeen group also markets and distributes these in-scope products in the UK. The Standard Life Aberdeen group is the exclusive distributor of SLAL's and SLIDAC's in-scope products. Under the Client Service and Proposition Agreement, the parties have rights of first refusal in relation to, in the case of SLAL and SLIDAC, insured products (and certain new products) and, in the case of the Standard Life Aberdeen group, non-insured long-term savings products, advisory services, products sold as part of the Workplace proposition and the provision of marketing services.

Trade Mark Licence Agreement

On 31 August 2018, SLESL (as licensor) and SLAL (as licensee) entered into a trade mark licence agreement (the "**Trade Mark Licence Agreement**"). The licence granted relates to a variety of "Standard Life" trade marks and other related marks. The licensed marks include word marks, stylised marks and logos and includes registrations in the UK, Germany, Ireland and the EU. The licence is granted on a non-exclusive basis in relation to the business of Standard Life Assurance, save that the licence is granted on an exclusive basis with respect to the specific products listed in the Client Service and Proposition Agreement. The licence is granted in relation to the UK, Germany, Austria and Ireland.

SLAL has indemnified SLESL in relation to losses arising due to SLAL's use of the licensed marks. The licence is perpetual subject to termination rights arising in favour of SLESL upon (i) SLAL's material breach, (ii) SLAL's insolvency, (iii) where the licence relates to the activities under the Client Service and Proposition Agreement, the termination or expiry of the Client Service and Proposition Agreement and (iv) SLAL challenging the validity of the licensed marks.

Investment Management Agreement

Standard Life Investments Limited ("**SLI**") was appointed in July 2006 to manage substantially all of Standard Life Assurance's investment portfolio. On completion of the SLA Acquisition on 31 August 2018, an amended and restated investment management agreement was entered into between SLAL and SLI (the "**Investment Management Agreement**") on substantially the same terms as the investment management agreement in agreed form at the time of signing of the Share Purchase Agreement. Pursuant to the Investment Management Agreement, SLI continues to serve as the investment manager of Standard Life Assurance's investment portfolio.

The terms on which SLI originally served as investment manager of Standard Life Assurance's portfolio were of an intra-group nature. The Investment Management Agreement amends and restates the commercial terms so that they are substantially the same as the existing investment management arrangements that are in place between certain members of the Group and certain investment management entities within the Standard Life Aberdeen group.

Relationship Agreement

On 31 August 2018, Standard Life Aberdeen and PGH Cayman entered into a relationship agreement to govern Standard Life Aberdeen's holding of PGH Cayman shares and the continuing relationship between the parties following completion of the SLA Acquisition. On 11 December 2018, a new relationship on substantially the same terms was entered into by Standard Life Aberdeen and PGH (the "**Relationship Agreement**").

The Relationship Agreement provides, among other things, that subject to compliance with applicable law or regulations, for so long as the aggregate holding of PGH shares by all Standard Life Aberdeen group members (excluding certain shares) is (i) at least 15 per cent. of the shares, Standard Life Aberdeen shall be entitled to appoint (and remove and reappoint) two non-executive directors to the Board of Directors of PGH and (ii) at least 10 per cent. of the shares (but less than 15 per cent.), Standard Life Aberdeen shall be entitled to appoint (and remove and reappoint) one non-executive director to the Board of Directors of PGH. The Relationship Agreement also addresses transactions and relationships between members of the PGH and Standard Life Aberdeen Groups and includes certain provisions in relation to the acquisition and disposal of PGH shares.

Revolving Credit Agreement – June 2025

On 27 June 2019, PGH entered into the Revolving Credit Agreement between, among others, PGH and NatWest Markets Plc (as agent). Under the Revolving Credit Agreement, the lenders have made available a multicurrency revolving loan facility in an aggregate principal amount equal to £1.25 billion, which bears a floating rate of interest.

The final maturity date of the facility under the Revolving Credit Agreement is 27 June 2025. The Revolving Credit Agreement permits PGH to request two one year extensions to the maturity of the facility, each of which requires the consent of the lenders whose commitments are being extended and one of which has already been excercised. There are no mandatory or target amortisation payments associated with the facility (but the facility is subject to customary event-driven mandatory prepayment obligations). Voluntary prepayments are permissible.

As at the date of this Prospectus, the Revolving Credit Agreement is undrawn.

The Pearl Scheme Agreements

On 27 November 2012, PGH2 entered into an agreement with the trustee of the Pearl Scheme setting out a contractual framework for contributions to the Pearl Scheme (the "**2012 Pensions Agreement**").

The remaining contribution payments under the 2012 Pensions Agreement are £40 million to the scheme each year from 2017 until 2021 (inclusive) and the 2012 Pensions Agreement was amended and restated on 29 June 2019 it was agreed, amongst other things, that future contributions will be paid on a monthly basis. These contributions can be increased and further contributions may become payable after 2021 in certain circumstances, if the scheme is not anticipated to meet two agreed funding targets. The funding targets are to reach full funding on the technical provisions basis by 30 June 2022 and to reach full funding on a gilts flat basis by 30 June 2031.

There is a sharing mechanism that, in certain circumstances, allows for an acceleration of the contributions to be paid to the Pearl Scheme. This mechanism shall cease to apply if the trustee ceases to follow an agreed investment strategy.

For the purposes of the 2012 Pensions Agreement, the "**Gilts Based Deficit**" is the scheme deficit calculation on a basis linked to UK government securities.

Charges over the shares of PLAL, Pearl Group Services Limited ("**PGS**") and PGS2 Limited that were granted to the trustee of the Pearl Scheme under the predecessor of the 2012 Pensions Agreement remain in place. The value of the security claim guaranteed under the share charges is the lower of the £600 million and 100 per cent. of the Gilts Based Deficit revalued every three years. The trustee will be entitled to enforce its security under these share charges if PGH2 fails to comply with certain provisions under the 2012 Pensions Agreement including, without limitation to pay amounts when due, if the ratio of the embedded value of PGH2 to the value of the security claim falls below 1.05:1 for two months and is not cured, and customary events in connection with such security documents. Enforcement action by the trustee of the Pearl Scheme

would be an event of default under the Revolving Credit Agreement. The security charges also include certain restrictions on transfer, including to other parts of the Group.

PGH2 has agreed to maintain two covenant tests. If these tests are not met, restrictions on dividend payments by PGH2 will apply. These covenant tests require that PGH2's embedded value will be maintained at the greater of:

(a) 1.3 times the lower of £600 million and 60 per cent. of the Gilts Based Deficit; and

(b) the Gilts Based Deficit less 50 per cent. of the projected investment outperformance over gilts to 2031.

PGH2 is restricted from paying dividends if its embedded value falls below the Gilts Based Deficit.

The agreement reached in the 2012 Pensions Agreement is subject to the statutory funding regime in the Pensions Act 2004.

For further information on the Pearl Scheme, see ("*Information on the Group – Pensions – The Pearl Scheme*") of this Prospectus.

The PGL Pension Scheme Guarantees

Pearl Life Holdings Limited has guaranteed to the trustee of the PGL Pension Scheme the obligations and liabilities of the participating employers to make payments to the PGL Pension Scheme. As at 31 December 2017, no further contributions are due to be paid into the scheme. The performance of Pearl Life Holdings Limited under the guarantee has been guaranteed by Pearl Group Holdings (No. 1) Limited (formerly known as Resolution plc).

Abbey Life Pension Scheme

In June 2013, Abbey Life set up the 2013 Charged Account and the 2016 Charged Account into which payments were made under a funding agreement with the trustee. In June 2017, PeLHL acceded to the Abbey Life Pension Scheme and replaced ALAC as the sole principal employer of the scheme and agreed a new funding agreement with the trustee for deficit reduction payments. This funding agreement provides for certain payment triggers pursuant to which monies in the 2013 Charged Account and the 2016 Charged Account are released to the trustee. The triggers include: (i) the insolvency of PeLHL; and (ii) a debt becoming due from PeLHL to the trustees under Section 75 of the Pensions Act 1995 (broadly, on the winding-up of the Abbey Life Pension Scheme). On either payment trigger, PeLHL must pay to the trustee the lower of the Section 75 debt and the value of the assets in the 2013 Charged Account and 2016 Charged Account.

The 2013 Charged Account is available to meet any deficit in the Abbey Life Pension Scheme on a specifically defined basis as at 31 March 2021. The 2016 Charged Account is available to meet any deficit in the Abbey Life Pension Scheme on a specifically defined basis as at 31 March 2027.

The 2013 Charged Account and the 2016 Charged Account contained a combined £57.2 million as at 30 June 2020.

Outstanding debt

As at the date of this Prospectus, the Group has the following outstanding capital markets debt instruments:

Title	**Issuer**	**Date Issued**	**Listing[1]**
U.S.$500,000,000 4.750 per cent. Fixed Rate Reset Tier 2 Notes due 2031	PGH	4 June 2020	LSE
£500,000,000 5.625 per cent. Tier 2 Notes due 2031	PGH	28 April 2020	LSE
U.S.$750,000,000 5.625 per cent. Fixed Rate Reset	PGH	29 January	LSE

Perpetual Restricted Tier 1 Contingent Convertible Notes		2020	
£500,000,000 5.867 per cent. Tier 2 Notes due 2029……..	PGH	13 June 2019[2]	PSM
£250,000,000 Fixed Rate Reset Callable Tier 2 Notes due 2029	PGH	13 June 2019[2]	PSM
£250,000,000 4.016 per cent. Tier 3 Notes due 2026.....	PGH	13 June 2019[2]	PSM
£500,000,000 5.75 per cent. Fixed Rate Reset Perpetual Restricted Tier 1 Write Down Notes	PGH	26 April 2018	LSE
€500,000,000 4.375 per cent. Tier 2 Notes due 2029	PGH	24 September 2018	LSE
U.S.$500,000,000 5.375 per cent. Tier 2 Notes due 2027	PGH	6 July 2017	LSE
£450,000,000 4.125 per cent. Tier 3 Notes due 2022	PGH	20 January 2017 and 5 May 2017	LSE
£428,113,000 6.625 per cent. Subordinated notes due 2025	PGH	23 January 2015	LSE
£300,000,000 Senior Unsecured 5.75 per cent. Bonds due 2021 (of which £122,000,000 remains outstanding)	PGH	7 July 2014	LSE
£200,000,000 7.25 per cent. Undated, Unsecured Tier 2 Notes (earliest redemption date is 25 March 2021 and each fifth anniversary thereafter)	Phoenix Life Limited	July 2001	Lux SE

Note:

(1) London Stock Exchange (LSE), Luxembourg Stock Exchange (Lux SE), Professional Securities Market (PSM) of the London Stock Exchange

(2) PGH was substituted as principal debtor in place of ReAssure Group plc on 22 July 2020.

L&G Acquisition Agreements

On 6 December 2017, ReAssure Limited entered into an agreement to acquire the L&G Business. In connection with the L&G Transaction, the following legal agreements were signed by L&G Group entities and ReAssure Limited on 6 December 2017:

- the RTA;
- the business transfer agreement entered into between the L&G Group and ReAssure Limited on 6 December 2017 in connection with the L&G Transaction (as amended, the "**BTA**");
- the Master IMA (as defined below) entered into between the L&G Group and ReAssure Limited on 6 December 2017 in connection with the L&G Transaction; and
- the Annuity Introducer Agreement (the "**AIA**").

Risk Transfer Agreement

The RTA transferred most of the economic interest and the associated risks of the L&G Business to ReAssure Limited from 1 January 2018 and ended following completion of the Part VII Transfer on 7 September 2020.

L&G Investment Management Agreements

ReAssure Limited, Legal & General Investment Management Limited ("**LGIM**") and Legal & General Property Limited ("**LGPL**") entered into a master investment management agreement (the "**Master IMA**")

and agreed two further investment management agreements (the "**IMAs**") (together with the Master IMA, the "**LGIMAs**") for LGIM and LGPL to manage the assets of the L&G Business, except for assets in respect of the existing external mandates. The LGIMAs came into effect on 7 September 2020 (the "**Part VII Effective Date**").

Master IMA

Under the Master IMA, ReAssure Limited has agreed that LGIM and LGPL will be appointed to manage portfolios on behalf of ReAssure Limited upon the terms of new IMAs as may in each case be modified by the terms of the Master IMA. Certain provisions of the Master IMA came into force on 6 December 2017 and the remaining provisions came into force on the Part VII Effective Date. The Master IMA will terminate seven years after the Part VII Effective Date. However, ReAssure Limited will be able to withdraw assets under administration from LGIM and LGPL without a withdrawal fee prior to the expiration of the seven year term under certain circumstances. The investment management fees paid by L&G Assurance Society Limited to LGIM and LGPL for managing the assets of the L&G Business continue to apply following the Part VII Effective Date and are paid by ReAssure Limited. The level of investment management fees will be up for review on 1 January 2023 or in the event of a "market change" as defined in the LGIMA.

IMAs

The first IMA between ReAssure Limited, LGIM and LGPL provides the terms upon which ReAssure Limited appoints LGIM to manage a certain portfolio of assets and appoints LGPL to manage the certain assets in a property fund. The second, near identical IMA is between ReAssure Limited, LGIM and LGPL and relates to the L&G With-Profits Fund (as defined below). The IMA will come into force on the Part VII Effective Date.

The IMA also contains certain limitations on each party's liability, such as a monetary limitation on liability. Any of the parties may terminate the IMA as a result of certain specified termination events.

Annuity Introducer Agreement

The AIA obliges ReAssure Limited to refer eligible policyholders from the L&G Business to LGAS, so that LGAS can provide a quotation for certain guaranteed income retirements products including standard and enhanced lifetime annuities, fixed term retirement plans and cash-out retirement plans. Several provisions of the AIA came into force on 6 December 2017 and 31 May 2018, and the rest of the AIA came into force on the Part VII Effective Date and will be in place for at least five years and will continue indefinitely unless terminated.

Policy Administration Agreement with Aviva

Pursuant to an agreement dated 6 March 2007, as amended, between RUKSL and Aviva Life Services UK Limited ("**Aviva**" and the "**Aviva Agreement**"), RUKSL supplies services relating to the administration of a part of Aviva's closed book business in exchange for payments pursuant to a negotiated fee structure. The services provided by RUKSL under the Aviva Agreement include customer experience services (such as agency management, general customer services, payments, claims and complaints), finance and actuarial services, IT services and legal, technical and regulatory services, supported by certain infrastructure provided by Aviva. RUKSL also licenses the Group's ALPHA software to Aviva, which includes a right for Aviva to continue the licence after the Aviva Agreement terminates, subject to certain conditions and fee arrangements.

The Aviva Agreement will expire when there are no longer any in-force policies to manage. Before the occurrence of this event, the Aviva Agreement automatically renews in five-year additional terms, with the first renewal having occurred in April 2018, unless Aviva chooses not to renew the Aviva Agreement, whereupon certain notice periods will apply. If Aviva chooses not to renew the Aviva Agreement in April 2023, it will be obligated to make a payment to RUKSL. In addition, the Aviva Agreement may be terminated

by either Aviva or RUKSL, as applicable, due to certain circumstances, such as the other party's insolvency or similar events, or a change of control of RUKSL.

RLL SPA

ReAssure and Old Mutual Wealth UK Holding Limited entered into an agreement dated 4 August 2019 for the sale and purchase of the share capital of ReAssure Life Limited (previously Old Mutual Wealth Life Assurance Limited (the "**RLL SPA**"). The total consideration amount is £446,250,000 (including interest).

Completion was subject to change of control approval from the PRA and FCA. PRA approval was received on 10 December 2019 and the RLL Acquisition was completed on 31 December 2019.

RLL Transitional Services Agreement

Upon completion of the RLL Acquisition, Quilter and RLL entered into a transitional services agreement, pursuant to which Quilter will continue to provide certain services to RLL for a specified period. The services to be provided include, among other things, certain human resources, finance, policy administration, technology solutions and IT services that were provided to RLL by Quilter prior to the completion of the RLL Acquisition.

Quilter will provide the services to RLL for an initial term of up to two years, subject to: (i) early termination if all service terms are completed; (ii) the right of RLL to terminate early in certain circumstances; and (iii) the option for RLL to extend any service term to comply with regulatory requirements or to enable orderly winding-up of the services.

Quilter and RLL have appointed individuals from each organisation who are responsible for, among other things, agreeing consents, changes to the services and the daily management of the transitional services arrangements.

ReAssure Transitional Services Agreement

The transitional services agreement between RUKSL, on behalf of the ReAssure Group, and Swiss Re Management Limited and Swiss Re Life Capital Management Ltd dated 13 November 2019 (the "**ReAssure Transitional Services Agreement**") is an arms' length, commercial contract between the ReAssure Group and the Swiss Re Group, designed to ensure that both parties are able to operate their businesses with no or minimal disruption while functions and resources that were shared between them are separated. It was executed between RUKSL, on behalf of the ReAssure Group, and Swiss Re Management Limited and Swiss Re Life Capital Management Ltd, on behalf of the Swiss Re Group, on 13 November 2019 and deemed to take effect from 1 July 2019.

As a result of the separation of the ReAssure Group from the Swiss Re Group, some functions and resources used by the ReAssure Group were retained by the Swiss Re Group, while other functions and resources used by the Swiss Re Group were retained by the ReAssure Group. Consequently, for the relevant transitional periods, the ReAssure Transitional Services Agreement requires the Swiss Re Group to provide the shared functions and resources that it retained, but that are still used by the ReAssure Group, as a service back to the ReAssure Group. Similarly, the ReAssure Transitional Services Agreement required, for a period of time that has now expired, the ReAssure Group to provide the shared functions and resources that it retained, but that were still used by the Swiss Re Group, as a service back to the Swiss Re Group.

The main categories of services provided by the Swiss Re Group to the ReAssure Group under the ReAssure Transitional Services Agreement include: (a) asset management back office services; (b) use of IT infrastructure; and (c) a mail forwarding service.

INFORMATION ON THE REASSURE GROUP

Business overview

The ReAssure Group operates in the United Kingdom and Ireland and focuses exclusively on the acquisition and management of closed books. It does not write new business, other than offering increments on current policies to existing customers on a passive basis. Since 2012, the ReAssure Group has completed six acquisitions. The ReAssure Group seeks to achieve synergies from its acquisitions of closed books primarily through cost efficiencies, capital synergies and asset reallocation and is focused on achieving strong customer outcomes on its acquired policies, including via the use of its in-house operating platform, which houses the majority of its policies. On 6 December 2019, PGH entered into a share purchase agreement to acquire the entire issued share capital of ReAssure Group plc from Swiss Re Group. The ReAssure Acquisition completed on 22 July 2020.

The ReAssure Group has two principal operating subsidiaries, ReAssure Limited and Ark Life, which conduct the majority of the ReAssure Group's UK and Irish operations, respectively. The ReAssure Group also has two other key operating subsidiaries, RUKSL, a management service company, which provides administration services required by ReAssure Limited and other third-party insurance companies, including policy administration, information technology and finance services, or alternatively, manages the provision of such services through outsourcing arrangements, and RLL, the recently acquired heritage life and pensions division of Quilter (which is primarily comprises a UK-based business and also includes Swedish, German and Norwegian-based businesses). The ReAssure Group operates a hybrid model for asset management: strategic decisions on asset allocation and investment strategy are handled internally and portfolio management is outsourced to external asset managers.

In December 2017, Reassure Limited entered into an agreement to acquire the L&G Business. See "*Information on the ReAssure Group – History*" below. The acquired policies and assets were transferred to ReAssure Limited via a Part VII Transfer on 7 September 2020.

On 5 August 2019, the ReAssure Group entered into an agreement to acquire RLL, the heritage life and pensions division of Quilter and the transaction was completed on 31 December 2019. See "*Information on the ReAssure Group – History*" below. As at 31 December 2019, RLL had 190,000 policies and £10.0 billion of AUA.

Following the ReAssure Acquisition, certain asset management-related back office functions will continue to be provided to the ReAssure Group business by the Swiss Re Group until late 2020 via a transitional services agreement, which contains an option to extend the duration of the agreement. See "*Information on the Group – Material Contracts — ReAssure Transitional Services Agreement*" for further detail.

History

ReAssure Limited was founded in 1963 as the Occidental Life Insurance Company Limited and in 1966, changed its name to Life Casualty & General Insurance Company Limited. Life Casualty & General Insurance Company Limited moved in 1972 to the Royal Borough of Windsor and changed its name to Windsor Life Assurance Company Limited ("**Windsor Life**"). Throughout the 1970s, 1980s and 1990s, Windsor Life continued to grow and developed a platform and process for the successful acquisition and integration of closed life businesses.

In 2004, the Swiss Re Group acquired all the shares of Windsor Life's parent company, Life Assurance Holding Corporation, and continued to grow the ReAssure Group's business with multiple closed book acquisitions, including the acquisition of Zurich Assurance and the GE Life group of companies including the

National Mutual Life Assurance Society. In 2007, RUKSL entered into an agreement with Aviva to act as a third party administrator and administer certain of Aviva's policies. In 2008, Life Assurance Holding Corporation was renamed Admin Re UK Limited. In 2011, ReAssure Limited agreed to acquire approximately 300,000 insurance policies in the United Kingdom and approximately £1.6 billion in assets from the American Life Insurance Company, which was completed via a Part VII Transfer in July 2012. In June 2014, ReAssure Limited agreed to acquire over 400,000 closed individual and group pension and related annuity policies in the United Kingdom and approximately £4.2 billion in unit-linked assets from HSBC Life (UK) Limited, which was completed via a Part VII Transfer in August 2015. The closed books that were acquired from American Life Insurance Company and HSBC Life (UK) Limited contained multiple product types, with a focus on unit-linked products.

In January 2016, the Swiss Re Group acquired 100 per cent. of the shares of Guardian Holdings Europe Limited ("**Guardian Group**") and completed the Part VII Transfer of approximately 900,000 closed annuity, life insurance and pension policies in the United Kingdom and Ireland and approximately £18.0 billion in assets to ReAssure Limited in December 2016. The Guardian Group's closed books contained multiple product types, with a significant weighting of risk towards annuities, which rebalanced the ReAssure Group's risk portfolio. In January 2017, Admin Re UK Limited was renamed ReAssure Group Limited and renamed ReAssure Midco Limited in February 2019.

In October 2017, the Swiss Re Group reached an agreement with Japanese insurance group MS&AD Insurance Group Holdings, Inc. ("**MS&AD**") for a minority investment in the ReAssure Group, which resulted in a shareholding of 15 per cent. and in December 2018, both parties reached another agreement for MS&AD to invest a further £315 million, which resulted in a total shareholding of 25 per cent.

In December 2017, ReAssure Limited agreed to acquire the mature savings business (the "**L&G Business**") of the L&G Assurance Society Limited group (the "**L&G Group**") for £650 million which comprised approximately 900,000 million life insurance policies as at 31 December 2019 (the "**L&G Transaction**"). As at 1 January 2018, ReAssure Limited assumed economic exposure (but not legal ownership) of the L&G Business pursuant to a risk transfer agreement, which continued to be administered by L&G Group employees until regulatory approval was obtained for the Part VII Transfer. As a consequence of the risk transfer agreement that ReAssure has entered into, the ReAssure Group's results for the year ended 31 December 2019 and the three months ended 31 March 2020 included the economic benefit of the performance of these policies for those periods. The risk transfer arrangements in 2019 increased gross premiums written by £83.4 million which was partially offset by £70 million relating to the amortisation of the deferred acquisition cost. Substantially all of the policies from the L&G Transaction are expected to be transferred onto the ALPHA platform once the L&G Business is integrated. The acquired policies and assets which consist of with-profit products, as well as unit-linked products and other non-profit products, were transferred to ReAssure Limited via a Part VII Transfer on 7 September 2020. ReAssure Limited has also entered into a seven-year investment management agreement with Legal and General Investment Management Limited which became effective upon completion of the Part VII Transfer.

As a result of the L&G Transaction, and assuming the Part VII Transfer had occurred on 31 December 2019, the ReAssure Group's AUA would have increased by £29 billion to £81 billion (the ReAssure Group's AUA were £52 billion as of 31 December 2019). As the transfer is not considered to be a business combination for the purposes of IFRS 3, the assets and liabilities acquired as a result of the L&G Transaction are recognised at fair value from the effective date of the Part VII Transfer. In August 2018, the Swiss Re Group (formerly Swiss Re ReAssure Midco Limited) announced that it was exploring a possible initial public offering of ReAssure. On 11 July 2019, Swiss Re announced the suspension of its previously communicated plans for an initial public offering of ReAssure.

Following a competitive auction process, ReAssure announced on 5 August 2019 that it had agreed to acquire RLL, the heritage life and pensions division of Quilter. The acquisition was completed on 31 December 2019 for a total consideration of approximately £446 million (including interest). The acquired business from the RLL Acquisition consists of approximately 190,000 policies as at 31 December 2019 and is a substantially closed book of unit-linked policies.

In the second half of 2019, the PRA carried out a s166 review on the effectiveness of ReAssure's risk function and risk framework. Remedial actions addressing the recommendations from the review have now been substantially implemented and embedded.

On 6 December 2019, PGH entered into a share purchase agreement to acquire the entire issued share capital of ReAssure Group plc from Swiss Re. The ReAssure Acquisition completed on 22 July 2020.

Insurance Business

The ReAssure Group has three business lines divided by product type: non-linked, unit-linked and with-profit.

Non-linked Products

The ReAssure Group's non-linked products are mainly annuities, which provide a specified income stream over the life of the policyholder or protection policies, which pay out lump sums on death. Policyholders are only entitled to the guaranteed benefits under their policy and are not entitled to participate in any surplus that may arise from advantageous investment performance of the underlying assets or demographics. All surplus and the release of capital as the business runs off is available for the sole account of the ReAssure Group.

Unit-linked Products

The value of benefits payable from a unit-linked policy is directly linked to the value of an underlying ring-fenced portfolio of assets (unit-linked funds). Policyholders are able to choose from a number of different unit-linked funds, which have differing investment objectives. A policy may be split across multiple unit-linked funds. Policyholders bear the investment risk of the invested assets and the ReAssure Group deducts fees from unit-linked policies, which comprise a combination of annual management charges for investment management and fees for general policy administration. The structure and level of the fees that are collected vary by unit-linked fund, policy type and the insurance company that originated the policy. Certain policies may have further fees deducted to meet the cost of additional insurance benefits, for example, life insurance. The value that the ReAssure Group receives from its unit-linked products comprises the excess of the value of future charges over the associated expenses, and the value of charges depends on the period over which the policy is held and underlying investment performance, as many charges are expressed as a percentage of the value of the policy.

With-profit products

Most with-profit products offer a guaranteed minimum benefit. The policies and the assets backing those policies are held in a ring-fenced with-profit fund and, accordingly, the assets in each with-profit fund support solely the liabilities and capital requirements of that particular fund. Profits that emerge from the with-profit fund are used to increase the value of benefits payable to policyholders above the guaranteed minimum and the policy value is increased via the addition of annual or reversionary bonus. Once added to the policy, a reversionary bonus cannot be removed. In addition, a final or terminal bonus may be payable at the point the policyholder claims the policy benefit. The rate of the final bonus is not guaranteed and will vary reflecting the underlying performance of the fund. Bonus rates are smoothed to avoid too significant a change in policy values at each declaration and the aim is for the cost of smoothing over time to be neutral. The primary product types within the with-profit funds are pension savings, endowments and annuities. Some of the pension saving products include an underlying guaranteed annuity option.

ReAssure Limited currently has three with-profit funds, the Windsor Life With-Profit Fund (the "**Windsor Life With-Profit Fund**"), the National Mutual With-Profit Fund (the "**National Mutual With-Profit Fund**") and the Guardian Assurance With-Profit Fund (the "**Guardian Assurance With-Profit Fund**"). The ReAssure Group is entitled to one ninth of the cost of the total with-profit bonus declarations from both the Windsor Life With-Profit Fund and the Guardian Assurance With-Profit Fund. The ReAssure Group is not entitled to any distributions from the National Mutual With-Profit Fund. Each fund pays specified fees indirectly to RUKSL for administration services. The bonus transferred from the funds can vary and the ReAssure Group could be required to support the with-profit fund if the resources of a fund are insufficient to meet its liabilities and capital requirements. See "*Risk Factors – Risks Relating to the Group – Economy and Financial Markets — "The Group's business is subject to risks arising from economic conditions in the United Kingdom and other markets in which it operates or in which its and its policyholders' investments are invested and from risks arising from the United Kingdom's exit from the European Union (the "EU"), also known as "Brexit" on 31 January 2020, and any possible future further referendum on Scottish independence"*.

As part of the L&G Transaction, the ReAssure Group will establish the L&G with-profit fund (the "**L&G With-Profit Fund**"). The L&G With-Profit Fund which comprises the with-profit business originally written by the L&G Group (mainly mortgage endowment, pension and investment policies) with a significant number of unit-linked products was transferred via a Part VII Transfer on 7 September 2020. Similar to the three other with-profit funds, the L&G With-Profit Fund will also pay specified fees indirectly to RUKSL for administration services. The transaction also includes a significant block of unit-linked business outside the L&G With-Profit Fund, which will transfer to the ReAssure Group's fund containing non-linked and unit-linked products that are not ring-fenced (the "**ReAssure Non-Profit Fund**"). Following completion of the L&G Transaction, the ReAssure Group will generally receive one ninth of the cost of the total with-profit bonus declarations of the L&G With-Profit Fund.

Overview of the ReAssure Group's Structure

See "*Information on the Group – Structure of the Group*" for an overview of the legal structure of the ReAssure Group.

Policy Administration

The ReAssure Group operates a hybrid administration model pursuant to which it directly administers the majority of its policies while outsourcing administration in certain circumstances.

To allow the ReAssure Group to benefit from the economies of scale, an information technology system, see "*Information on the ReAssure Group – Information Technology*" below, has been developed internally which allows the ReAssure Group's policy administration service company, RUKSL, to provide all policyholder services for the ReAssure Group under a management service agreement. Under this management service agreement, RUKSL charges ReAssure Limited a fixed fee per policy tariff for the delivery of core services though it may, depending on the nature of the change, contract separately for the delivery of specific projects when new requirements arise. RUKSL also generates additional income through the administration of policies owned by third parties, principally Aviva.

The ReAssure Group also outsources the administration of some of its policies. The majority of such arrangements were inherited with the acquisition of particular closed books. The ReAssure Group has 15.5 per cent. of ReAssure's policies administered on other platforms (including those acquired from the L&G Business).

Also, pursuant to the RLL Transitional Services Agreement, Quilter will continue to administer the acquired RLL policies for a specified period of time following the completion of the RLL Acquisition. It is intended

that the acquired RLL policies will be migrated onto the ALPHA platform within two years of the completion of the RLL Acquisition. See "*Material Contracts – RLL Transitional Services Agreement*" for further information.

Outsourcing arrangements

The ReAssure Group's outsourced service providers are specialist providers of policy administration, asset management services and other services, with the requisite know-how and expertise. In addition to outsourcing policy administration, see "*Information on the ReAssure Group – Policy Administration*" above, and asset management, the ReAssure Group also has arrangements with a range of other service providers for other services. Such services include human resources services (including payroll), policyholder investment accounting services, annuity payment services, mailing services, telephony services, information technology application and management services (including cloud services), property investment services, storage and hardware services (including data centre provision), and facilities management services.

Information Technology

The ReAssure Group operates a product focused IT operational model (ALPHA platform, financial and accounting report systems and digital workplace platform) with internal system architects, infrastructure and functional management teams, which is supplemented with third party services, including data centres, cloud platforms, managed services and software as a service (on-demand software). The ReAssure Group has recently migrated its internal data centres to NTT Europe managed data centres, which are located in the United Kingdom.

The ReAssure Group has detailed system recovery and IT service continuity management plans, and three primary recovery sites provided by Sungard Availability Services.

The ALPHA platform is the ReAssure Group's in-house policy administration system, which has been developed internally using third-party technology, and for which it owns the intellectual property. Built on an Oracle database framework, the ALPHA platform has also been designed to connect to or interface with certain third-party systems, such as insurance workflow software systems.

REGULATORY OVERVIEW

Overview

The Group's operations are subject to extensive government regulation, including FSMA and other United Kingdom laws, including, for example, the Data Protection Act 2018 in relation to the processing of customer data. Some of these laws require, and will require, the relevant Group entity to be authorised, licensed or registered. Below is an overview of the regulatory framework for the insurance industry in the United Kingdom.

While the bulk of the Group's activities are carried out in the UK, reference is also drawn to non-UK laws and regulation where appropriate. Note that it is anticipated that Brexit (and the expiry of the transitional period on 31 December 2020) may result in changes to the UK and EU's regulatory system. Changes to law and regulation may also affect the regulation of UK business if the UK and EU regulatory systems diverge. The Group continues to consider the potential implications of Brexit and has taken steps such as seeking legal advice, engaging in resource planning and ensuring that appropriate procedures are in place while the uncertainty continues. For further information, see "*Risk Factors – Risks relating to the Group – Economy and Financial Markets – The Group's business is subject to risks arising from economic conditions in the United Kingdom and other markets in which it operates or in which its and its policyholders' investments are invested and from risks arising from the United Kingdom's exit from the European Union (the "EU"), also known as "Brexit" on 31 January 2020, and any possible future further referendum on Scottish independence.*

Regulators and approach to regulation

All of the Life Companies in the United Kingdom are currently dual-regulated by the FCA (for conduct matters) and the PRA (for prudential matters), whilst other companies in the Group are solely regulated by the FCA (for both conduct and prudential matters). In addition, certain companies in the Group are authorised by the FCA to carry on investment business. These entities are subject to regulation and supervision by the FCA and must comply with the FCA's conduct of business and prudential rules made under FSMA. Ark Life and SLIDAC are authorised and regulated solely by the CBI.

The FCA employs a risk based and proportionate approach to supervision comprising a firm systemic framework, which focuses on the continuous assessment of how firms manage the risks they create and identifying the root causes of risk.

The PRA employs a judgement based, forward looking and focused approach to regulation using a proactive intervention framework to identify and respond to risks at an early stage. The position of each insurer is reviewed regularly to ensure that the PRA's level of supervision is appropriate.

The FCA and PRA expect firms to avoid actions that jeopardise compliance with their statutory objectives. When the FCA and PRA are concerned that a firm may present a risk this may lead to negative consequences, including the requirement to maintain a higher level of regulatory capital to match the higher perceived risks (via capital "add ons" under Solvency II), and enforcement action where the risks identified breach the FCA and PRA's high level principles or more prescriptive rules.

Overview of FSMA regulatory regime: dual regulators

The FCA and PRA regulate persons carrying out the regulated activities prescribed in the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, as amended, in the financial services sector. In this regard, the FCA and PRA are authorised to make rules and issue guidance in relation to a wide sphere of activities encompassing the governance of a firm, the way it conducts its business and the prudential supervision of firms. The FCA regulates the conduct of every authorised firm (including firms who are also

regulated by the PRA). The PRA has responsibility for carrying out the prudential regulation of banks, insurance companies and systemically important designated investment firms. These firms are referred to as "dual-regulated" because they are authorised and regulated by the PRA (for prudential matters) and also regulated by the FCA (for conduct matters).

Permission to carry on "Regulated Activities"

Under FSMA, no person may carry on or purport to carry on a regulated activity by way of business in the United Kingdom, in respect of a specified investment or property, unless he is an authorised or exempt person. A firm that is authorised by the FCA (and PRA, if relevant) to carry on regulated activities becomes an authorised person for the purposes of FSMA. "Regulated activities" are currently prescribed in the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (as amended) and include insurance-related activities and investment activities (which includes managing investments), as well as certain other activities such as establishing, operating and winding-up stakeholder pension schemes, the mediation of general insurance and certain mortgage mediation and lending activities. Where an entity is domiciled outside the UK, other regulatory authorities' authorisation may need to be sought. See "Other regulatory systems" below.

Authorisation procedure

In granting a UK firm's application for authorisation, the FCA and PRA (if applicable) may delineate the scope of, and include such restrictions on, the grant of permission as the relevant regulator deems appropriate. Dual regulated firms must apply to the PRA for authorisation, whilst solo regulated firms (i.e. firms regulated solely by the FCA) must apply to the FCA. In granting or varying the terms of a firm's permissions, the FCA and PRA must ensure that the firm meets certain threshold conditions, which, among other things, require the firm to have adequate resources for the carrying on of its business, and to be a fit and proper person, having regard to all the circumstances.

Once authorised, and in addition to continuing to meet the threshold conditions for authorisation, firms are obliged to comply (as relevant) with the FCA Handbook and the book of rules and guidance, including as to regulatory capital requirements, maintained by the PRA (the "**PRA Rulebook**") which contain detailed rules covering, among other things, systems and controls, conduct of business and prudential (i.e. capital) requirements.

Principles for Businesses

The FCA Handbook and the PRA Rulebook contain high level standards for conducting financial services business in the United Kingdom, known as the Principles for Businesses (in the case of the FCA Handbook) and the Fundamental Rules (in the case of the PRA Rulebook). All firms are expected to comply with these standards, which cover matters including the maintenance of adequate systems and controls, treating customers fairly, communicating with customers in a manner that is clear, fair and not misleading and being open and co-operative with the FCA and PRA.

Application of FSMA regulatory regime to the Group

Each of the Group's principal United Kingdom insurance and investment businesses is subject to regulation and supervision by the FCA (and additionally, for dual regulated firms, the PRA) in the carrying-on of the Group's regulated activities. The discussion below considers the main features of the regulatory regime applicable to the Group's insurance and investment business in the United Kingdom.

Regulation applicable to the Group's insurance business

Supervision of management and change of control of authorised firms

One of the methods by which the FCA and PRA supervise the management of authorised firms is through the Senior Managers & Certification Regime ("**SMCR**").

The SMCR has applied to insurers since 10 December 2018. The SMCR replaced the previous regime applicable to insurers, known as the senior insurance managers regime.

The SMCR comprises the following elements:

- a senior managers' regime, which applies to individuals performing a senior management function ("**SMF**"). A SMF is a function that requires the person performing it to be responsible for managing one or more aspects of the relevant firm's affairs (so far as such affairs relate to regulated activities) and those aspects involve, or may involve, a risk of serious consequences for the relevant firm, or for business or other interests of the United Kingdom. Firms must ensure that every activity, business area and management function has an SMF with overall responsibility for it. Appointment of an individual performing an SMF requires regulatory approval;
- a certification regime, which applies to employees of relevant firms who could pose a risk of significant harm to the firm or to any of its customers ("**Certified Persons**"). Such employees are not pre-approved by the PRA or FCA. Rather firms are required to certify that such employees are fit and proper to perform their roles on at least an annual basis. Insurers were required to have identified and trained the individuals performing certification functions by the commencement date of the SMCR. Fitness and propriety assessments were required to be completed by 10 December 2019. Every Certified Person receives one certificate which covers FCA functions and any PRA functions; and
- conduct rules, which are high level requirements that apply to most employees (other than ancillary staff) of an insurer. The conduct rules applicable to SMFs and Certified Persons have applied since 10 December 2018 whilst other employees needed to be trained on, and became subject to, the relevant conduct rules from 10 December 2019.

Change of control of authorised firms

The FCA and PRA also regulate the acquisition and increase of control over authorised firms. Under FSMA, any person proposing to acquire control of, or increase (or decrease) control over, an authorised firm must first obtain the consent of the FCA and, if necessary, the PRA. In relation to dual regulated firms, such as the Phoenix Life Companies and the ReAssure Life Companies, approval to the change of control is sought from the PRA who will consult with the FCA. In considering whether to grant or withhold its approval to the change of control, the FCA and PRA must be satisfied both that the acquirer is a fit and proper person and that the interests of consumers would not be threatened by its acquisition of, or increase in, control.

A person ("**A**"), will acquire control (in accordance with Section 181 FSMA, and be a "controller") of an authorised person ("**B**") if they hold:

(a) 10 per cent. or more of the shares in B or a parent undertaking of B ("**P**");

(b) 10 per cent. or more of the voting power in B or P; or

(c) shares or voting power in B or P, as a result of which A is able to exercise significant influence over the management of B.

In order to determine whether person A or a group of persons is a controller, the holdings (shares or voting rights) of A and other persons acting in concert with A (pursuant to an explicit or implicit agreement between them), if any, are aggregated.

A person ("**A**") will be treated as increasing (or decreasing) his control over an authorised firm ("**B**"), requiring prior approval from the FCA (and PRA, if appropriate) if:

(a) the level of his percentage shareholding or voting power in B or P crosses the 10 per cent. (in the case of decreasing control), 20 per cent., 30 per cent. or 50 per cent. threshold; or

(b) if A becomes a parent undertaking of B.

Intervention and enforcement

The FCA and PRA have extensive powers to intervene in the affairs of an authorised firm and monitor compliance with their objectives, including withdrawing a firm's authorisation, prohibiting individuals from carrying on regulated activities, suspending firms or individuals from undertaking regulated activities and fining firms or individuals who breach their rules.

The FCA can also sanction persons who commit market abuse. In addition to its ability to apply sanctions for market abuse and other civil penalties, the FCA has the power to prosecute criminal offences arising under FSMA, insider dealing under Part V of the Criminal Justice Act 1993, market misconduct under the Financial Services Act 2012 and breaches of the Money Laundering Regulations. The FCA has indicated that it is prepared to prosecute more cases in the criminal courts where appropriate.

The FCA and PRA may also vary or revoke a firm's permission to carry on regulated activities for reasons including (i) if it is desirable to protect the interests of consumers or potential consumers; (ii) if the firm has not engaged in regulated activity for 12 months; or (iii) if it is failing to meet the threshold conditions for authorisation. The FCA and PRA have further powers to apply to the High Court in England and Wales (the "**Court**") for injunctions against authorised persons and to impose or seek restitution orders where persons have suffered loss. Once the FCA and PRA have made a decision in respect of an authorised firm or an individual, the person affected may refer the matter to the Upper Tribunal (Tax and Chancery Chamber). Breaches of certain FCA and PRA rules by an authorised firm may also give a private person, who suffers loss as a result of the breach, a right of action against the authorised firm for damages.

The FCA and PRA, although not creditors, may seek administration orders under the Insolvency Act 1986 (as amended), present a petition for the winding-up of an authorised firm or have standing to be heard in the voluntary winding-up of an authorised firm. It should be noted that insurers carrying on long term insurance business cannot voluntarily be wound up without the consent of the PRA. The FCA also has the ability to issue fines against firms who breach relevant competition laws.

FCA Conduct of Business Rules

The FCA's Conduct of Business Rules (the "**Conduct of Business Rules**") apply to every authorised firm carrying on regulated activities in the United Kingdom and regulate the day to day conduct of business standards to be observed by authorised persons in carrying on regulated activities. Whilst the FCA is primarily responsible for conduct regulation, the PRA will also seek to ensure that firms that it regulates conduct their business in a safe and sound manner.

The scope and range of obligations imposed on an authorised firm under the Conduct of Business Rules vary according to the nature of its business and the range of its clients. Generally speaking, however, the obligations imposed on an authorised firm by the Conduct of Business Rules will include the need to classify its clients according to their level of sophistication, provide them with information about the firm, meet certain standards of product disclosure, ensure that promotional material which it produces is clear, fair and

not misleading, assess suitability when advising on certain products and managing portfolios, manage conflicts of interest and report appropriately to its clients.

The FCA's Supervision Manual contains specific requirements for insurers that have ceased to take on new business and are in run off. Equally some of the FCA Conduct of Business Rules, for example in relation to the sale of new policies, have no relevance to such companies.

FCA "Outcomes"

The FCA has three operational objectives: (i) to secure an appropriate degree of protection for consumers; (ii) to protect and enhance the integrity of the United Kingdom financial system; and (iii) to promote effective competition in the interests of consumers.

The first objective is central to the FCA's expectation of a firm's conduct and is underpinned by six Treating Customers Fairly outcomes: (i) consumers can be confident that they are dealing with firms where the fair treatment of customers is central to the corporate culture; (ii) products and services marketed and sold in the retail market are designed to meet the needs of identified consumer groups and are targeted accordingly; (iii) consumers are provided with clear information and are kept appropriately informed before, during and after the point of sale; (iv) where consumers receive advice, the advice is suitable and takes account of their circumstances; (v) consumers are provided with products that perform as firms have led them to expect, and the associated service is of an acceptable standard and as they have been led to expect; and (vi) consumers do not face unreasonable post sale barriers imposed by firms to change product, switch provider, submit a claim or make a complaint.

Prudential supervision

As set out above, in order to maintain authorised status under FSMA, a firm must continue to satisfy the threshold conditions for authorisation, which, among other things, require the firm to have adequate resources for the carrying on of its business. The FCA and PRA have published detailed rules relating to the maintenance of minimum levels of regulatory capital for insurance and investment businesses in the Prudential Standards section of their FCA Handbook and PRA Rulebook, respectively. For further information, see the paragraph headed "*Solvency II*" below.

The FCA's and PRA's regulatory capital rules for insurers and investment firms are primarily contained in the Solvency II prudential framework.

The Financial Ombudsman Service ("FOS")

Authorised firms must have appropriate complaints handling procedures. However, once these procedures have been exhausted, qualifying complainants may turn to the FOS which is intended to provide speedy, informal and cost-effective dispute resolution of complaints made against authorised firms by individuals, small and medium-sized business customers and some charities and trusts. The FOS is empowered to order firms to pay fair compensation for loss and damage and may order a firm to take such steps as it determines to be just and appropriate to remedy a complaint.

The Financial Services Compensation Scheme ("FSCS")

The FSCS is intended to compensate individuals, small businesses and certain other categories of customer for claims against a UK authorised firm where the authorised firm is unable or unlikely to be able to meet those claims (generally, when it is insolvent or has gone out of business). The scheme is also intended to promote confidence in the financial system by limiting the systemic risk that the failure of a single firm might trigger a wider loss of confidence in the relevant financial sector. The scheme covers banking, insurance, investment business and mortgage advice, reflecting the different kinds of business undertaken by authorised firms. It is funded primarily by levies on participating firms that consist of (i) a management expenses levy

comprising a base costs levy that relates to the cost of running the FSCS each year and a specific cost for the running costs attributable to a specific funding class and (ii) a compensation costs levy which relates primarily to the costs incurred by the FSCS in paying compensation. Note that, in respect of SLIDAC and Ark Life, there is not an equivalent Irish compensation scheme for life insurers authorised in Ireland.

Insurance Guarantee Schemes

Currently there are no rules at the EEA level requiring the member states of the EU ("**EU Member States**") to adopt insurance guarantee schemes such as that established by the FSCS. The European Commission published a white paper in 2010 discussing the necessity of insurance guarantee schemes and indicated that it is considering proposing a directive with regard to such schemes. As at the date hereof, no proposals for this directive has been published.

Conduct of Business requirements for insurance business

The Conduct of Business Rules issued by the FCA apply differing requirements to the sale of (i) general insurance contracts and (ii) long term insurance contracts. Within (ii), more stringent requirements apply where the contract has an investment value or otherwise is a product which historically gave rise to mis-selling problems. Authorised firms which advise and sell packaged products (such as life insurance policies) are subject to detailed conduct of business obligations relating to product disclosure, assessment of suitability for private customers, the range and scope of the advice which the firm provides, and fee and remuneration arrangements.

Gender discrimination issues

In 2011, the Court of Justice of the European Communities ruled against the use of gender in setting premiums or benefits under insurance contracts. The effect of this ruling was postponed to 21 December 2012. The decision of the Court of Justice was implemented into United Kingdom law by the Equality Act 2010 (Amendment) Regulations 2012, which amends the Equality Act 2010. The amendments to the Equality Act 2010, which took effect on 21 December 2012, remove a provision in the Equality Act 2010 which had previously allowed gender sensitive pricing of insurance premiums and benefits. It affects, among other things, the pricing of annuities, life insurance policies and the annuity rates which may be offered when pension policies mature.

With profit business

The FCA and PRA have published a Memorandum of Understanding which sets out how the two regulators will co-operate in their supervision of insurers with policyholders who hold with profits insurance policies. The FCA is responsible for satisfying itself that firms are behaving fairly in relation to the exercise of discretion whilst the PRA's focus is on ensuring that discretionary increases in liabilities do not adversely affect the insurer's ability to meet, and continue to meet, the PRA's standards for safety and soundness.

Actuarial functions

Every insurance company that is regulated under Solvency II must appoint one or more actuaries (external or in-house) to perform the "actuarial function" in respect of all classes of its long term insurance business. In addition, if it is regulated by the PRA and has any with profit business, it must appoint one or more actuaries to perform the "with profits actuary function" in respect of its with profit business.

The PRA Rulebook requires that an actuary appointed to perform the with profits actuary function must, among other things: (i) advise the firm's management, at the level of seniority that is reasonably appropriate, on key aspects of the discretion to be exercised affecting those classes of the with profits insurance business of the firm in respect of which the actuary has been appointed; (ii) advise the firm's governing body as to whether the assumptions used to calculate the future discretionary benefits within the firm's relevant technical

provisions are consistent with the firm's Principles and Practices of Financial Management ("**PPFM**") in respect of those classes of the firm's with profits insurance business; and (iii) at least once a year, report to the firm's governing body on key aspects (including those aspects of the firm's application of its PPFM on which the advice described has been given) of the discretion exercised in respect of the period covered by his report affecting those classes of with profits insurance business of the firm. The FCA Handbook additionally requires that the firm's with-profits committee (or if appropriate with-profits advisory arrangement) work closely with the with-profits actuary and obtain his input as appropriate, as well as assess his performance at least annually and report on the same to the Board of Directors.

Distribution of profits and with profit business

The PRA Rulebook requires firms carrying on with profits business to ensure that their distribution of profit strategies are affordable and sustainable and cannot reasonably be expected to have an adverse impact on the safety and soundness of the firm as a whole or on the benefit security of all policyholders of the firm. For further information, see the paragraph headed "*Solvency II*" below.

The FCA Handbook also contains provisions that are relevant to the distribution of profits particularly geared toward the need to treat policyholders fairly. It also mandates that firms carrying on with profit business must:

- define and make publicly available the PPFM applied in their management of with profit funds;
- ensure their governance arrangements offer assurance that they have managed their funds in line with the PPFM they have established and published;
- produce annual reports for with profit policyholders on how they have complied with this obligation, including how they have addressed any competing or conflicting rights, interests or expectations of policyholders and, if applicable, shareholders;
- comply with (i) modified regulatory reporting requirements designed to achieve the PRA's objective of making directors and senior management more explicitly responsible for setting up technical provisions and other decisions taken on actuarial advice and (ii) new audit requirements for liabilities; and
- comply with consequential changes to certification in the insurance returns.

Transfers of insurance business

Any transfer of United Kingdom insurance business (as defined under FSMA) must be effected in accordance with Part VII of FSMA and relevant secondary legislation, which requires a scheme of transfer to be prepared and approved by the High Court in England and Wales (the "**Court**"). Amongst other things, a report of an independent expert is required on the terms of the scheme, which would consider whether the proposed transfer would be prejudicial to policyholders. The regulators also have an important role in a transfer under Part VII of FSMA, including in relation to certain approvals for specific steps in the transfer process (such as the approval by the PRA (in consultation with the FCA) of the appointment of the independent expert and the form of the independent expert's report) and in advising the Court whether a transfer should be approved. A Part VII scheme of transfer enables direct insurers and reinsurers to transfer all or part of their books of insurance business to another approved insurer by operation of law without the need for individual policyholder consents, although policyholders have the right to object to the proposed scheme at the Court hearing. A scheme of transfer may also allow for the transfer of assets and other contracts related to the insurance business so as to give proper effect to the transfer. A transfer of insurance business means a transfer of insurance policies and should be distinguished from the change of control of a business effected by a transfer of shares in an insurance company.

Solvency II

Solvency II has applied since 1 January 2016.

The Solvency II prudential framework (including detail set out in Level 2 rules) has updated, among other things, the existing EU life, non-life, reinsurance and insurance groups directives. The main aim of the framework is to protect policyholders through establishing prudential requirements better matched to the true risks of the business, taking into account other regulatory objectives of ensuring the financial stability of the insurance industry and stability of the markets. The approach is based on the concept of three pillars: quantitative requirements (the amount of regulatory capital an insurer should hold), qualitative requirements on undertakings such as risk management as well as supervisory activities; and enhanced disclosure and transparency requirements.

Solvency II contains rules covering, among other things:

- technical provisions against insurance and reinsurance liabilities;
- the valuation of assets and liabilities;
- the maintenance of an MCR and a higher and more risk sensitive SCR;
- what regulatory capital is eligible to cover technical provisions, the MCR and the SCR, and to what extent specific tiers of capital may so count;
- what regulatory capital or assets are to be treated as being restricted to specific uses and not therefore fungible or transferable across the firm's entire operations;
- to what extent a firm's internal regulatory capital models may be used to calculate the SCR;
- governance requirements including risk management processes;
- considerably expanded reporting requirements covering (i) matters to be reported privately to the firm's supervisor leading to a full supervisory review process and (ii) matters to be published in a "Solvency and Financial Condition Report";
- rules providing for the SCR to be supplemented by a "regulatory capital add on" in appropriate cases, the add on to be imposed by the relevant supervisor (the PRA in the case of United Kingdom firms and the CBI in the case of SLIDAC and Ark Life);
- rules on insurance products which are linked to the value of specific property or indices; and
- the application of the above requirements across insurance groups, including a specific regime for insurance groups with centralised risk management and an enhanced role for the "group supervisor" of international groups, who will be required to work in conjunction with a "college of supervisors" responsible for specific solo members of the group.

The United Kingdom House of Commons Treasury Select Committee held an inquiry into Solvency II which explored the impact of the new regime and the options now available to the United Kingdom in the light of its vote at the national referendum of June 2016 to withdraw from the EU. The outcome of the inquiry was published on 27 October 2017 and recommends that the PRA should have a pragmatic discussion with the insurance industry. This should focus on the scope for amendments and increased proportionality in the implementation of Solvency II. In the fourth quarter of 2017 and January 2018, the PRA published a series of consultation papers seeking to optimise the implementation of Solvency II in the United Kingdom. The consultations cover: (i) guidance on the eligibility of assets for the "matching adjustment"; (ii) the minor model change process; and (iii) a reduced reporting burden on firms. In February 2018, the PRA published a

formal response to the House of Commons Treasury Select Committee, noting, amongst other things, that it was committed to making improvements to the implementation of Solvency II where appropriate.

The United Kingdom rules generally replicate the Level 2 implementing rules other than in certain instances, such as the need to provide for with profit funds in the context of long term insurance funds no longer being recognised under Solvency II. Under Solvency II, "ring fenced funds" are funds the assets of which may have a reduced capacity to fully absorb losses in other parts of the insurer on a going concern basis. The PRA rules contain a requirement (which came into effect on 1 January 2016) that firms hold, within each of their with profits funds, assets that are sufficient to meet the with profits liabilities of such funds. In March 2015, the FCA published a policy statement containing its own final rules to implement Solvency II. The final rules use a new definition of "with profits fund surplus" in relation to Solvency II firms' with profits business, being, in summary, the difference between the assets in the fund and the liabilities in the fund. Only the with profits fund surplus may be distributed to policyholders and shareholders. The PRA has also stated in a supervisory statement that restrictions on assets and Own Funds resulting from the nature of, and regulatory regime for, with profits insurance business in the United Kingdom will generally mean that each with profits fund displays the characteristics of a ring fenced fund for the purposes of Solvency II. In the same supervisory statement, the PRA also notes that firms sometimes have support arrangements in place which seek to provide support to a with profits fund from financial resources outside that fund; the final rules require that the terms of any such support arrangement be clarified and codified. In addition, depending on the facts or circumstances, the Board of Directors may apply capital management policies to control the distribution of capital.

Insurance companies and insurance groups require supervisory approval to use internal models to calculate their SCR (or specific risks or major business units within the SCR), as the PRA wants to ensure ongoing compliance with the Solvency II internal model requirements. The process of obtaining that approval is a rigorous one involving a full review of the firm's governance arrangements and proof that the internal modelling is fully used within the firm's business. Once a firm's internal model has been approved, it must report internal model outputs using the PRA's templates, so that the PRA can supervise internal models on an ongoing basis. The PRA may also impose regulatory capital add ons if it considers that the resultant regulatory capital requirement does not reflect the risk exposures of the relevant firm or insurance group. On 7 December 2015, PGH announced that the PRA had approved the Solvency II Internal Model application for PLHL and its subsidiaries. Since that announcement, approvals have been received to extend the model to include PGH and to include the acquired SunLife Embassy Business and Abbey Life. The Group is liaising with the PRA to obtain approval for a single Group-wide Solvency II Internal Model covering all UK entities (excluding ReAssure). The Group intends to extend the scope of its harmonised Internal Model to include the UK ReAssure entities, with the exception of Ark Life which would continue to use the Standard Formula. The application to include the UK ReAssure entities is not expected to be submitted before the harmonised Solvency II Internal Model is approved.

Following completion of the ReAssure Acquisition, the ReAssure Group will adopt the Standard Formula for the purpose of determining its capital under Solvency II.

The technical implementation of Solvency II resulted in a significant increase in the technical provisions and regulatory capital requirements of certain of the Life Companies. However, these increases were mitigated to an extent by the introduction of transitional provisions, included in the Solvency II Directive, which are designed to ensure a smooth transition to the new regime. The PRA has approved applications by each of PLL, PLAL, SLAL and ReAssure Limited to apply Transitional Measures on Technical Provisions. This allows for a transitional deduction on technical provisions based on the difference between the net technical provisions (and regulatory capital requirements in some circumstances) calculated in accordance with the

Solvency II rules and that calculated in accordance with the previous regime. Transitional Measures on Technical Provisions are recalculated in certain circumstances.

It should be noted that SLIDAC and Ark Life are authorised and regulated by the CBI. Consequently, Solvency II (and any relevant Irish implementing provisions) are applied by the CBI, not the UK regulators. More generally, the prudential regulation of SLIDAC and Ark Life is a matter for the CBI, although Solvency II is a European directive and therefore many of the same principles and rules outlined above apply, notwithstanding the fact that certain discrete matters remain the subject of national discretion and therefore variation.

For further information, see also the risk factor entitled "*Risk Factors - Regulatory capital and other requirements may change*".

Conduct of Business requirements for investment businesses and MiFID II

MiFID II, which came into force on 3 January 2018, provides for the regulation of EU securities and derivatives markets. MiFID II comprises (i) a substantially revised Markets in Financial Instruments Directive (2014/65/EU); (ii) the Markets in Financial Instruments Regulation ((EU) No 600/2014); and (iii) secondary legislation in the form of Delegated Acts made thereunder.

MiFID II, sets out detailed and specific requirements in relation to organisational and conduct of business matters for investment firms and securities and derivatives trading venues. In particular, MiFID II makes specific provision in relation to, among other things, organisational requirements, outsourcing, customer classification, conflicts of interest, best execution, client order handling, suitability and appropriateness, product governance, telephone taping, investment research and financial analysis, pre and post trade transparency obligations, transaction reporting, commodity derivative position limits and reporting, and the ability of MiFID investment firms authorised in one EU Member State to use 'passports' to conduct MiFID investment services in other EU Member States.

MiFID II is more wide-ranging than the previous MiFID regime (under the EU Markets in Financial Instruments Directive (2004/39/EC)) and has direct impact on MiFID investment firms and indirect impact on non-MiFID financial services firms who deal in EU securities and derivatives markets.

Data protection

The General Data Protection Regulation ("**GDPR**") which came into effect on 25 May 2018, regulates the processing of personal data. The regulation contains measures that seek to harmonise data protection procedures and enforcement across the EU. It binds on data controllers in all member states directly without the need for implementation by the member states. The penalties for breach of the regulation are substantial (up to 4 per cent. of annual worldwide turnover or €20m, whichever is greater).

The UK Data Protection Act 2018 ("**DPA 2018**") which replaced the Data Protection Act 1998, supports the GDPR in the UK. At the end of the Brexit transition period, which is currently 31 December 2020, an amended version of the GDPR (known as the UK GDPR) will continue to apply in the UK in parallel with an amended version of the DPA 2018.

In Ireland, the GDPR is supported by the Data Protection Act 2018 which was signed into law on 24 May 2018, replacing its previous data protection framework established under the Data Protection Acts 1988 and 2003.

Germany adopted national legislation in response to the GDPR in a new version of the Federal Data Protection Act (the "**Bundesdatenschutzgesetz**"), which has become effective together with the GDPR on 25 May 2018. The German legislator has used the "opening clauses" of the GDPR that allow member states

discretion to customise certain provisions to tighten or specify the rules over personal data of German citizens above and beyond what is required by the GDPR.

Thematic reviews

The PRA and FCA regularly carry out thematic reviews and consultations on market activities which are relevant to the business of the Group. The PRA, the FCA and the CBI carry out formal "thematic reviews" which are sector-wide reviews or other informal sector-wide inquiries in respect of a theme or common issue or a particular type of product. Historically, these have not been expressly targeted at the Group. However, the Group has participated in (primarily by providing information to the relevant regulator about its products, operations or customers), and expects to continue to participate in, such reviews from time to time.

The FCA's approach to undertaking thematic reviews may result in a further change in law, regulation and/or regulatory emphasis, changes in the Group's practices and/or prompt future regulatory interventions. In addition, the FCA may require affected firms to carry out remediation in respect of detriment suffered by customers as a result of historical practices. The FCA may also decide to impose financial penalties or compulsory customer remediation (depending on circumstances and its findings). It is not currently possible to assess what further actions the FCA may require affected firms to take or the effect such actions, if required, may have on the business of affected firms.

Information on thematic reviews that the Group or the ReAssure Group (where applicable) have participated in is set out below:

- On 11 December 2014, the FCA published the findings of its thematic review into annuity sales practices, which concluded that firms need to improve the way in which they communicate with their customers, particularly during the period when customers are coming up to retirement and making their choices as to their retirement income provision. The FCA published a further report (TR16/7) in October 2016 and a policy statement in May 2017 (PS17/12), which contained final rules requiring firms to inform consumers, by providing an information prompt, how much they could gain from "shopping around" and switching provider, before they buy an annuity. Firms were required to comply with these rules by 1 March 2018. ALAC and SLAL were participants in this review and were each required to undertake a "past business review", both of which are now materially complete. In July 2019, the FCA fined SLAL £30,792,500 for failures related to non-advised sales of annuities.

- On 3 March 2016, the FCA published a thematic review report on the fair treatment of long-standing customers in the life insurance sector. This was followed by final guidance in December 2016, in which the FCA set out its expectations on life insurance firms to ensure that their closed-book customers are treated fairly. This guidance applies to customers and policies of the Group. ALAC agreed to a number of actions with the FCA to address the findings from the thematic review. ALAC was also subject to FCA investigation (i) to explore whether remedial and/or disciplinary action was necessary or appropriate in respect of "exit charges" upon change of provider and "paid up charges" upon cessation of payment of regular premia being applied and (ii) for potential contravention of regulatory requirements across a number of other areas assessed in the review. On 19 September 2018, PGH Cayman was informed by the FCA that it had closed its investigation into ALAC, having found that the conduct of ALAC did not warrant enforcement action.

- In 2017, the FCA published a consultation paper detailing the findings of its retirement outcomes review, which examined the evolution of the retirement income market since the pensions reforms were introduced in April 2015. The FCA's review was primarily focused on non-advised drawdown market following an increase in non-advised sales of these products (to consumers who do not take regulated advice) since the implementation of the pensions reform in 2015 and on the basis that those taking regulated advice receive support already. The ReAssure Group was involved in this review and

has received feedback on its sale of non-advised drawdown products (the Group's flexible retirement product launched as a result of the 2015 pensions reforms), with no significant findings raised by the FCA.

- In March 2018, the FCA issued a summary of its findings following the review of non-advised drawdown pension sales. The FCA incorporated actions into the retirement outcomes review which resulted in changes to 'wake-up' packs, retirement risk warnings and reminders changes. Annuity information prompts requiring health and lifestyle information were also mandated. A consultation paper was published in June 2018, with final rules produced on 30 January 2019 and implementation occurred in November 2019. In addition, within the consultation paper published in June 2018, the FCA issued a discussion chapter outlining proposals for customers entering into flexible drawdown. Proposals included the introduction of investment pathways, preventing cash being the default option, requiring warnings before cash is selected and the development of a drawdown comparator tool to help customers to shop around and switch providers. A consultation paper was published in January 2019, with final rules produced on 30 July 2019 and implementation was expected to occur in August 2020, but has been pushed out to February 2021.

- Following the FCA's market asset study, the Group has been included in the FCA's multi-firm project looking at the governance that exists for existing unit-linked funds and products. A particular area of focus is the ongoing oversight of charges at a fund level and how these are managed to help ensure value for money for investors.

- The ReAssure Group was included in the FCA's market-based supervisory review of "Effectiveness of Firms' Governance arrangements in ensuring fair outcomes for customers" in 2017. Feedback has been received and there were no significant findings.

- In April 2019, the FCA published the findings of its thematic review into the fair treatment of with-profits customers (TR19/03). The FCA found that in general firms are taking reasonable care to manage the risk of customer harm in its with-profits business. The Group considered the detailed findings of the review and do not believe this will result in any material changes to the way its with-profits funds operate.

- In June 2020, the FCA published the findings of its thematic review into the effectiveness of Independent Governance Committees ("**IGCs**") and Governance Advisory Arrangements (TR20/1) ("**GAAs**"). The review considered the extent to which IGCs and GAAs have been able to improve the value for money that members invested in workplace personal pension schemes receive. The Group has considered the industry findings of the review, along with the firm specific feedback received, and whilst this will be considered and addressed, where appropriate, it is not expected to result in material changes.

Other regulatory systems

While most of the Group's activities are in the UK (and therefore solely within the scope of the UK regulatory system), the Group includes entities which operate outside the UK in a regulated environment. In particular, SLIDAC is authorised and regulated by the CBI, as is Ark Life and as previously stated, the prudential and conduct regulation of SLIDAC, and of Ark Life, is a matter for the CBI and Irish law and regulation.

When policies are sold to policyholders situated in an EU state the regulation of that state may apply to the sale and administration of such policies, even though the transacting Group entity may be authorised and regulated in another jurisdiction. Members of the Group carry on business in other EU member states under EU-wide passporting rights. Of particular note is SLIDAC, which is intended to operate the German business of SLAL after Brexit, and therefore certain of its activities will be subject to German regulation. Although

those entities using passporting rights do not need to be authorised in each of the EU member states in which they carry on activities within the scope of those rights, such entities are required to comply with certain local laws and regulatory requirements, for example in respect of conduct of business rules, in relation to certain activities carried on in those countries. As a result, the law and regulation of various EU member states applies to the activities of certain members of the Group when they are dealing with customers in EU states.

Passporting and Brexit

The Life Companies currently passport their services on a cross-border basis in each EEA member state in which they operate. Following the United Kingdom's departure from the EU on 31 January 2020, it is expected that this will result in a loss of current EEA passporting rights for UK authorised firms, including PLL and ReAssure at the end of the transition period (31 December 2020). During this period, the UK effectively remains in the EU's customs union and single market. Upon expiration of the transition period, unless passporting rights have been agreed to as part of the ongoing relationship, a UK insurer may no longer be able to continue to write new insurance business into an EEA member state or service existing business in those states (e.g., receipt of premium or payment of claims). To benefit from passporting access within the EEA, an insurer would need to establish an appropriately licensed EEA base, which would be subject to the laws and regulation of the EEA state of establishment. It may not be possible for such an insurer to retain the present level of UK operations with respect to that establishment, as the relevant EEA member state regulator may insist that sufficient management oversight, capital, support-staff and business be based at the EEA insurer/branch.

Should the UK become a "third country" upon expiry of the transition period then, in respect of the insurance sector, it is possible that the EU will grant the UK equivalency under Solvency II. This should be distinguished from equivalence under other directives in the financial sector since the effects vary across directives. Under Solvency II, equivalence is not a single determination in relation to a third country's regime and does not provide for passporting rights.

The Group continues to consider the potential implications of Brexit and has taken steps such as seeking legal advice, engaging in resource planning and ensuring that appropriate procedures are in place while the uncertainty continues. For further information, see "*Risk Factors – Risks relating to the Group – Economy and Financial Markets – The Group's business is subject to risks arising from economic conditions in the United Kingdom and other markets in which it operates or in which its and its policyholders' investments are invested and from risks arising from the United Kingdom's exit from the European Union (the "EU"), also known as "Brexit" on 31 January 2020, and any possible future further referendum on Scottish independence.*

TAXATION

The following is a general description of certain UK tax considerations relating to the Notes or Coupons, as well as a description of FATCA. It does not purport to be a complete analysis of all tax considerations relating to the Notes or Coupons whether in those countries or elsewhere. It relates to the position of persons who are the absolute beneficial owners of the Notes or Coupons and some aspects do not apply to certain classes of taxpayer (such as dealers and Noteholders who are connected or associated with the Issuer for relevant tax purposes). The statements in this section do not constitute tax or legal advice. Prospective Noteholders who may be subject to tax in a jurisdiction other than the UK or who may be unsure as to their tax position should seek their own professional advice. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date.

Investors should also note that the appointment by an investor in Notes or Coupons, or any person through which an investor holds Notes or Coupons, of a custodian, collection agent or similar person in relation to such Notes in any jurisdiction may have tax implications. Investors should consult their own tax advisers in relation to the tax consequences for them of any such appointment.

United Kingdom

General

The comments in this part are of a general nature and are not intended to be exhaustive. They are based on current United Kingdom ("**UK**") tax law as applied in England and Wales and published HM Revenue & Customs practice (which may not be binding on HM Revenue & Customs). They assume that there will be no substitutions of the Issuer and do not address the consequences of any such substitution (notwithstanding that such substitution may be permitted by the Conditions). They relate only to the UK withholding tax treatment of payments of interest (as that term is understood for UK tax purposes) in respect of Notes. They do not deal with any other UK taxation implications of acquiring, holding or disposing of Notes. The UK tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. In particular, Noteholders should be aware that the tax legislation of any jurisdiction where a Noteholder is resident or otherwise subject to tax may have an impact on the tax consequences of an investment in the Notes including in respect of any income received on the Notes. Noteholders who may be unsure as to their tax position should seek their own professional advice.

Interest on the Notes

Payment of interest on the Notes by the Issuer which have a UK source may be made by the Issuer without deduction of or withholding on account of UK income tax provided that the Notes carry a right to interest and are and continue to be listed on a "recognised stock exchange" within the meaning of Section 1005 of the Income Tax Act 2007, or admitted to trading on a multilateral trading facility operated by a UK or other EEA-regulated recognised stock exchange, within the meaning of Sections 987 and 1005 of that Act. The London Stock Exchange is a recognised stock exchange for these purposes. Notes will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of and in accordance with the provisions of Part 6 of the FSMA) by the United Kingdom Financial Conduct Authority and are admitted to trading on the London Stock Exchange.

Payments of interest on Notes may be made without deduction of or withholding on account of UK tax where the maturity of the Notes is less than 365 days and those Notes do not form part of a scheme or arrangement of borrowing intended to be capable of remaining outstanding for more than 364 days.

In other cases, an amount must generally be withheld from payments of interest on the Notes which have a UK source on account of UK income tax at the basic rate (currently 20 per cent.), subject to any other

available exemptions and reliefs under domestic law. However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HM Revenue & Customs can issue a notice to the Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

FATCA Withholding

Pursuant to certain provisions of U.S. law, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer believes that it is a foreign financial institution for these purposes. A number of jurisdictions have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of these rules to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, is not clear at this time. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply to foreign passthru payments prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes.

SUBSCRIPTION AND SALE

Summary of Programme Agreement

Subject to the terms and on the conditions contained in a Programme Agreement dated 24 June 2019 as amended and restated on 25 September 2020 (the "**Programme Agreement**") between the Issuer and the Arranger, the Notes will be offered by the Issuer to the relevant Dealer(s). The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer(s). The Notes may also be sold by the Issuer through the relevant Dealer(s), acting as agent(s) of the Issuer. The Programme Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arranger for certain of its expenses incurred in connection with the establishment of the Programme and the Dealers for certain of their activities in connection with the Programme.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with any relevant offer and sale of the Notes. The Programme Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

Selling Restrictions

U.S.

The Arranger has acknowledged, and each Dealer appointed under the Programme Agreement will be required to acknowledge that, the Notes have not been and will not be registered under the Securities Act, and the Notes may not be offered or sold within the U.S. or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S.

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the U.S. or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

The Arranger has agreed that, and each Dealer appointed under the Programme Agreement will be required to agree that, except as permitted by the Programme Agreement, it will not offer or sell or, in the case of Bearer Notes, deliver Notes (i) as part of its distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of any identifiable tranche of which such Notes are a part within the U.S. or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the U.S. or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meaning given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Notes, an offer or sale of Notes within the U.S. by any Dealer (whether or not participating in the offering of such tranche of Notes) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

UK

The Arranger has represented, warranted and agreed, and each Dealer appointed under the Programme will be required to represent, warrant and agree, that:

(a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the UK.

Prohibition of Sales to EEA and UK Retail Investors

Unless the Final Terms in respect of any Notes (or Pricing Supplement, in the case of PR Exempt Notes) specifies "Prohibition of Sales to EEA and UK Retail Investors" as "Not Applicable", the Arranger has represented and agreed, and each Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Prospectus as completed by the final terms in relation thereto to any retail investor in the EEA or in the UK. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"); and

(b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

Republic of Italy

The offering of the Notes has not been registered with the Commissione Nazionale per le Società e la Borsa ("**CONSOB**") pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Prospectus or of any other document relating to any Notes be distributed in Italy, except, in accordance with any Italian securities, tax and other applicable laws and regulations. The Arranger has represented and agreed, and each Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or distributed, and will not offer, sell or distribute any Notes

or any copy of this Prospectus or any other document relating to the Notes in the Republic of Italy ("**Italy**") in an offer to the public of financial products under the meaning of Article 1, paragraph 1, letter t) of Legislative Decree no. 58 of 24 February 1998 (the "**Consolidated Financial Services Act**"), except:

(a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 2 of the Prospectus Regulation, Article 100 of the Consolidated Financial Services Act and Article 34-ter, paragraph 1, letter (b) of CONSOB regulation No. 11971 of 14 May 1999 (the "**CONSOB Regulation**"), all as amended from time to time, provided that such qualified investors will act in their capacity and not as depositaries or nominees for other shareholders; or

(b) in any other circumstances where an express exemption from compliance with the restrictions on offers to the public applies, as provided under the Prospectus Regulation, the Consolidated Financial Services Act or the CONSOB Regulation.

Moreover, and subject to the foregoing, any offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in Italy under (a) or (b) above must be:

(i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with Legislative Decree No. 385 of 1 September 1993 (the "**Banking Act**") and the relevant implementing instructions of the Bank of Italy (*Instruzioni di Vigilanza per le Banche della Banca d'Italia*), the Consolidated Financial Services Act and CONSOB Regulation No. 20307 of 15 February 2018, all as amended from time to time;

(ii) in compliance with Article 129 of the Banking Act, as amended from time to time, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the offering or issue of securities in Italy; and

(iii) in compliance with any securities, tax, exchange control and any other applicable laws and regulations, including any limitation or requirement which may be imposed from time to time by, *inter alia*, CONSOB or the Bank of Italy or other competent authority.

Any investor purchasing the Notes will be solely responsible for ensuring that any offer or resale of the Notes it purchased occurs in compliance with any applicable laws and regulations. This Prospectus and the information contained herein are intended only for the use of its recipient and are not to be distributed to any third party resident or located in Italy for any reason. No person resident or located in Italy other than the original recipients of this Prospectus may rely on it or its contents. In any event the Notes shall not be offered or sold to any individuals in Italy in either the primary or the secondary market.

France

The Arranger has represented and agreed and each Dealer appointed under the Programme will be required to represent and agree that it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France, it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Prospectus, the relevant Final Terms or any other offering material relating to the Notes, and such offers, sales and distributions have been and shall only be made in France to (i) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (ii) qualified investors (*investisseurs qualifiés*) acting for their own account, all as defined in, and in accordance with, articles L.411-1, L.411-2 and D.411-1 of the French Code *monétaire et financier*.

Switzerland

The Arranger has represented and agreed and each Dealer appointed under the Programme will be required to represent and agree that this Prospectus is not intended to constitute an offer or solicitation to purchase or

invest in the Notes described herein. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland or a simplified prospectus or a prospectus as such term is defined in the Swiss Collective Investment Scheme Act, and neither this Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Prospectus nor any other offering or marketing material relating to the offering, nor the Issuer nor the Notes have been or will be filed with or approved by any Swiss regulatory authority. The Notes are not subject to the supervision by any Swiss regulatory authority, for example, the Swiss Financial Markets Supervisory Authority FINMA, and investors in the Notes will not benefit from protection or supervision by such authority.

Hong Kong

The Arranger has represented and agreed, and each Dealer appointed under the Programme will be required to represent and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Chapter 571) of the Hong Kong (the "**SFO**") and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a prospectus as defined in the Companies Ordinance (Chapter 32) of the Hong Kong (Winding Up and Miscellaneous Provisions) (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors as defined in the SFO and any rules made under the SFO.

Singapore

The Arranger has acknowledged and each Dealer appointed under the Programme will be required to acknowledge, that the Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore.

Accordingly, the Arranger has represented and agreed, and each Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes, or caused the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than:

(a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA;

(b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1), or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or

(c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(A) to an institutional investor or to a relevant person defined, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(B) where no consideration is or will be given for the transfer;

(C) where the transfer is by operation of law;

(D) as specified in Section 276(7) of the SFA; or

(E) as specified in Regulation 37A of the Securities and Futures (Offer of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

General

These selling restrictions may be modified by the agreement of the Issuer, the Arranger and any Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms or Pricing Supplement issued in respect of the issue of Notes to which it relates or in a supplement to this Prospectus.

No action has been or will be taken in any country or any jurisdiction by the Arranger, any Dealers or the Issuer that would permit a public offering of any of the Notes, or possession or distribution of this Prospectus or any other offering or publicity material relating to any of the Notes, in any country or jurisdiction where action for that purpose is required. The Arranger has agreed and each Dealer appointed under the Programme will be required to agree that it shall comply (to the best of its knowledge and belief, having made reasonable enquiries) with all applicable laws and regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers any of the Notes or has in its possession or distributes the Prospectus or any such other material relating to any of the Notes, in all cases at its own expense. The Arranger has undertaken and each

Dealer appointed under the programme will be required to undertake to ensure that no obligations are imposed on the Issuer or any other Dealer in any such jurisdiction as a result of any of the foregoing actions. The Issuer and the other Dealers will have no responsibility for, and the Arranger has agreed and each Dealer appointed under the Programme will be required to agree to obtain any consent, approval or permission required by it for, the acquisition, offer, sale or delivery by it of any of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in or from which it makes any acquisition, offer, sale or delivery. Neither the Arranger nor any Dealer has been authorised to make any representation or use any information in connection with the issue, subscription and sale of any of the Notes other than as contained or incorporated by reference in this Prospectus or any amendment or supplement to it.

FORM OF FINAL TERMS FOR SENIOR NOTES

The form of Final Terms that will be issued in respect of each Tranche, subject only to the deletion of non-applicable provisions, is set out below.

Final Terms dated [●]

Phoenix Group Holdings plc

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

under the £5,000,000,000 Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS FOR SENIOR NOTES

[**MiFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer[‘s/s’] product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “**MiFID II**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[‘s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels.]

[**PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”) or in the United Kingdom (the “**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of [Directive 2014/65/EU, as amended, “**MiFID II**” / MiFID II])“”; [or] (ii) a customer within the meaning of Directive 2016/97/EU, as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or [(iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”)]. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.]

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Senior Notes (the “**Conditions**”) set forth in the Prospectus dated [●] 2020 [and the supplemental Prospectus[es] dated [●]] which [together] constitute[s] a base prospectus for the purposes of Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with such Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus [as so supplemented]. The Prospectus is available for viewing at Citibank N.A., London Branch, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom and http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html and copies may be obtained from Phoenix Group Holdings plc, 100 St Paul’s Churchyard, London EC4M 8BU, United Kingdom.]

[OR]

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Senior Notes (the "**Conditions**") contained in the Trust Deed dated [original date] and set forth in the Prospectus dated [original date] and incorporated by reference into the Prospectus dated [●] 2020 and which are attached hereto. This document constitutes the Final Terms of the Notes described herein for the purposes of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") and must be read in conjunction with the Prospectus dated [●] 2020 [and the supplemental Prospectus[es] dated [●], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of the Conditions, these Final Terms and the Prospectus dated [●] 2020 [as so supplemented]. The Prospectus is available for viewing at Citibank N.A., London Branch, Citigroup Centre Canada Square, Canary Wharf, London E14 5LB, United Kingdom and http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html and copies may be obtained from Phoenix Group Holdings plc, 100 St Paul's Churchyard, London EC4M 8BU, United Kingdom.]

1	**Issuer:**		Phoenix Group Holdings plc
2	(i)	Series Number:	[●]
	(ii)	Tranche Number:	[●]
3	**Specified Currency or Currencies:**		[●]
4	**Aggregate Nominal Amount of Notes admitted to trading:**		
	(i)	Series:	[●]
	(ii)	Tranche:	[●]
5	**Issue Price:**		[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●]]
6	(i)	Specified Denominations:	[[●] and integral multiples of [●] in excess thereof up to and including [●]. No Notes in definitive form will be issued with a denomination above [●]]
	(ii)	Calculation Amount:	[●]
7	(i)	Issue Date:	[●]
	(ii)	Interest Commencement Date:	[●]
8	**Maturity Date:**		[[●]/The Interest Payment Date falling in or nearest to [●]]
9	**Interest Basis:**		[[●] per cent. Fixed Rate/ Fixed to Floating Rate Notes/ Fixed Rate Reset Notes/ [●] month [LIBOR/EURIBOR] +/-[●] per cent. Floating Rate/Zero Coupon]
10	**Change of Interest Basis:**		[●]/[Fixed Rate Reset Notes]/[Fixed to Floating Rate Notes]
11	**Redemption Basis:**		[Redemption at par]
12	**Put/Call Options:**		[Investor Put] [Issuer Call]
13	(i)	Status of the Notes:	Senior Notes
	(ii)	[Date [Board] approval for issuance of Notes obtained:	[[●]/Not Applicable, save as discussed in [Paragraph 2] of the "*General Information*" section in the Prospectus]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14	**Fixed Rate Note and Fixed to Floating Rate Note Provisions:**		[Applicable/Not Applicable/Applicable for the period from and including [●] to, but excluding, [●] (the "**Fixed Rate End Date**")]
	(i)	Rate[(s)] of Interest:	[●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
	(ii)	Interest Payment Date(s):	[●] in each year [adjusted in accordance with paragraph 14(vii)/not subject to adjustment]/[commencing on [●] to and including [●]]
	(iii)	Fixed Coupon Amount[(s)] (Definitive Notes only):	[●] per Calculation Amount
	(iv)	Broken Amount(s) (Definitive Notes only):	[[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]]/[●]
	(v)	Day Count Fraction:	[["Actual/Actual"/ "Actual/Actual - ISDA"/ "Actual/365 (Fixed)"/ "Actual/365 (Sterling)"/ "Actual/360"/ "30/360"/ "360/ 360"/ "Bond Basis"/ "30E/360"/ "Eurobond Basis"/ "30E/360 (ISDA)"/ "Actual/Actual - ICMA"]
	(vi)	Determination Dates:	[[●] in each year/Not Applicable]
	(vii)	Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable]
15	**Fixed Rate Reset Note Provisions:**		[Applicable/Not Applicable]
	(i)	Initial Rate of Interest:	[●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
	(ii)	Reset Margin:	[+/-][●] per cent. per annum
	(iii)	Interest Payment Date(s):	[●] in each year
	(iv)	Fixed Coupon Amount[(s)] in respect of the period from (and including) the Interest Commencement Date up to (but excluding) the First Reset Date (Definitive Notes only):	[●] per Calculation Amount
	(v)	Broken Amount(s) (Definitive Notes only):	[[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●] / Not Applicable]
	(vi)	First Reset Note Reset Date:	[●]
	(vii)	Anniversary Date(s):	[●] [and each corresponding day and month falling [●] years thereafter]
	(viii)	Reset Determination Dates:	[●]
	(ix)	Reset Rate:	[[semi-annual][annualised]Mid-Swap Rate] / [Benchmark Gilt Rate]/[CMT Rate]

(x)	First Reset Period Fallback;	[●]
(xi)	Benchmark Gilt[s]:	[●]/[●]/[Not Applicable]
(xii)	Benchmark Frequency:	[●]
(xiii)	CMT Designated Maturity:	[●]
(xiv)	CMT Rate Screen Page:	[●]
(xv)	Swap Rate Period:	[[●]/Not Applicable]
(xvi)	Screen Page:	["ICESWAP1"] / ["ICESWAP 2"] / ["ICESWAP3"] / ["ICESWAP4"] / ["ICESWAP 5"] / ["ICESWAP6"] / [●] / [Not Applicable]
(xvii)	Fixed Leg:	[[semi-annual]/[annual] calculated on a[n Actual/365]/[30/360]/[●] day count basis]/[Not Applicable]
(xviii)	Floating Leg:	[[3]/[6]/[●]-month [LIBOR]/[EURIBOR]/[●] rate calculated on an [Actual/365]/[Actual/360]/[●] day count basis]/[Not Applicable]
(xix)	Day Count Fraction:	["Actual/Actual"/"Actual/Actual- ISDA"/ "Actual/365 (Fixed)"/ "Actual/365 (Sterling)"/ "Actual 360"/ "30/360"/ "360/ 360"/ "Bond Basis"/ "30E/360"/ "Eurobond Basis"/ "30E/360 (ISDA)"/ "Actual/Actual - ICMA"]
(xx)	Determination Dates:	[[●] in each year/Not Applicable]
16	**Floating Rate Note and Fixed to Floating Rate Note Provisions:**	[Applicable/Not Applicable/Applicable for the period from and including the Fixed Rate End Date to, but excluding, [●]]
(i)	Interest Period(s):	[●]
(ii)	Interest Payment Dates:	[●]
(iii)	Interest Period Date:	[Not Applicable]/[●] in each year [,subject to adjustment in accordance with the Business Day Convention set out below]/[, not subject to adjustment]
(iv)	Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable]
(v)	Additional Business Centre(s):	[●]
(vi)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
(vii)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Issuing and Paying Agent):	[●]
(viii)	Screen Rate Determination:	[Offered quotation/Arithmetic mean of offered quotations]
	Reference Rate:	[●] month [LIBOR/EURIBOR]

		Interest Determination Date(s):	[●]
		Relevant Screen Page:	[●]
	(ix)	ISDA Determination:	
		– Floating Rate Option:	[●]
		– Designated Maturity:	[●]
		– Reset Date:	[●]
	(x)	Linear Interpolation:	Not Applicable/Applicable – the Rate of Interest for the [long/short][first/last] Interest Period shall be calculated using Linear Interpolation (specify for each short or long interest period)]
	(xi)	Margin(s):	[+/-][●] per cent. per annum
	(xii)	Minimum Rate of Interest:	[●] per cent. per annum
	(xiii)	Maximum Rate of Interest:	[●] per cent. per annum
	(xiv)	Day Count Fraction:	["Actual/Actual" / "Actual/Actual - ISDA"/ "Actual/365 (Fixed)"/ "Actual 360"/ "30/360"/ "360/ 360"/ "Bond Basis"/ "30E/360"/ "Eurobond Basis"/ "30E/360 (ISDA)"/ "Actual/Actual - ICMA"]
17	**Zero Coupon Note Provisions**:		[Applicable/Not Applicable]
	(i)	Amortisation Yield:	[[●] per cent. per annum] / [Not Applicable]]
	(ii)	Day Count Fraction:	["Actual/Actual"/ "Actual/Actual – ISDA"/ "Actual/Ac Method"/ "Actual/365 (Fixed)"/ "Actual/365 (Sterling)"/ "Actual/360"/ "30/360"/ "360/360"/ "Bond Basis"/ "30E/360"/ "Eurobond Basis"/ "30E/360 (ISDA)"/ "Actual/Actual – ICMA"]

PROVISIONS RELATING TO REDEMPTION

18	**Call Option:**		[Applicable/Not Applicable]
	(i)	Optional Redemption Date(s):	[●]
	(ii)	Optional Redemption Amount(s) of each Note:	[●] per Calculation Amount
	(iii)	If redeemable in part:	
		(a) Minimum Redemption Amount:	[●] per Calculation Amount
		(b) Maximum Redemption Amount:	[●] per Calculation Amount
	(iv)	Notice period:	[●]
19	**Put Option:**		[Applicable/Not Applicable]
	(i)	Optional Redemption Date(s):	[●]
	(ii)	Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[●] per Calculation Amount

	(iii) Notice period:	[●]
20	**Early Redemption Amount**	
	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption:	[●]
21	Final Redemption Amount of each Note:	[[●] per Calculation Amount]/[Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

22	**Relevant Benchmark[s]**	[[specify benchmark] is provided by [administrator legal name]][repeat as necessary]. As at the date hereof, [[administrator legal name][appears]/[does not appear]][repeat as necessary] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (Register of administrators and benchmarks) of the Benchmark Regulation]/[As far as the Issuer is aware, as at the date hereof, [specify benchmark] does not fall within the scope of the Benchmark Regulation]/[Not Applicable]
23	**Form of Notes:**	**[Bearer Notes:** [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note] [Temporary Global Note exchangeable for Definitive Notes on [●] days' notice] [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note] **[Registered Notes:** [Regulation S Global Note (U.S.$/€[●] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the NSS)]].
24	**New Global Note (Bearer Notes):**	[Yes] [No]
25	**Global Certificates (Registered Notes):**	[Yes] [No]
26	**New Safekeeping Structure (Registered Notes):**	[Yes] [No]
27	**Additional Financial Centre(s) or other special provisions relating to**	[Not Applicable/[●]]

	Payment Dates:	
28	**Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):**	[Yes] / [No] [As the Notes have more than 27 Coupons, Talons will be attached.]

DISTRIBUTION

29	U.S. selling restrictions:	[Reg. S Compliance Category 2; TEFRA C/TEFRA D/TEFRA Not Applicable]
30	Additional selling restrictions:	[Not Applicable]
31	Prohibition of Sales to EEA Retail Investors	[Applicable/Not Applicable]

Signed on behalf of the Issuer:

By:

Duly authorised

PART B — OTHER INFORMATION

1 **LISTING**

(i)	Listing:	[London]
(ii)	Admission to trading:	[Application has been made for the Notes to be admitted to trading on [the London Stock Exchange] with effect from [●].]
(iii)	Estimate of total expenses related to admission to trading:	[●]

2 **RATINGS**

Ratings:	The Notes to be issued [[have been]/[are expected to be]] rated: [Fitch Ratings: [●]] [S&P: [●]] [Moody's: [●]] [[●] [is/is not] established in the [UK/European Economic Area] and [is/is not] registered under Regulation (EU) No 1060/2009, as amended.] [*If ratings assigned/to be assigned to the Notes are set out, include here a brief explanation of the meaning of such ratings*]

3 **[ESTIMATED TOTAL EXPENSES]**

Estimated total expenses:	[●]

4 **ESTIMATED NET PROCEEDS**

Estimated net proceeds:	[●]

5 **[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]**

[[●]/"Save as discussed in ["*Subscription and Sale*"], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."]

6 **[Fixed Rate Notes only – YIELD**

Indication of yield:	[●] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

7 **OPERATIONAL INFORMATION**

ISIN Code:	[●]
Common Code:	[●]
CFI Code:	[See/[[include code], as updated, as set out on] the website of the Association of National Numbering Agencies ("**ANNA**") or alternatively sourced from the responsible National Numbering Agency that assigned

	the ISIN/Not Applicable/Not Available]
FISN:	[See/[[include code], as updated, as set out on] the website of the Association of National Numbering Agencies ("**ANNA**") or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking SA and the relevant identification number(s):	[Not Applicable/[●]]
Names and addresses of additional Paying Agent(s) (if any):	[●]
Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,][include this text for registered notes] and does not necessarily mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] / [No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,][include this text for registered notes]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

FORM OF FINAL TERMS FOR TIER 3 NOTES

The form of Final Terms that will be issued in respect of each Tranche, subject only to the deletion of non-applicable provisions, is set out below:

Final Terms dated [●]

Phoenix Group Holdings plc

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

under the £5,000,000,000 Euro Medium Term Note Programme

PART A - CONTRACTUAL TERMS FOR TIER 3 NOTES

[**MiFID II product governance / Professional investors and ECPs only target market**: Solely for the purposes of [the/each] manufacturer[‘s/s’] product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “**MiFID II**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[‘s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels.]

PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS: The Notes are not intended to be offered, sold or otherwise made available and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”) or in the United Kingdom (the “**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of [Directive 2014/65/EU, as amended, “**MiFID II**” / MiFID II]); [or] (ii) a customer within the meaning of Directive 2016/97/EU, as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; [or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”)]. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Tier 3 Notes (the “**Conditions**”) set forth in the Prospectus dated [●] 2020 [and the supplemental Prospectus[es] dated [●]] which [together] constitute[s] a base prospectus for the purposes of Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with such Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus [as so supplemented]. The Prospectus is available for viewing at Citibank N.A., London Branch, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom and http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html and copies may be obtained from Phoenix Group Holdings plc, 100 St Paul’s Churchyard, London EC4M 8BU, United Kingdom.]

[OR]

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Tier 3 Notes (the "**Conditions**") contained in the Trust Deed dated [original date] and set forth in the Prospectus dated [original date] and incorporated by reference into the Prospectus dated [●] 2020 and which are attached hereto. This document constitutes the Final Terms of the Notes described herein for the purposes of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") and must be read in conjunction with the Prospectus dated [●] 2020 [and the supplemental Prospectus[es] dated [●], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of the Conditions, these Final Terms and the Prospectus dated [●] 2020 [as so supplemented]. The Prospectus is available for viewing at Citibank N.A., London Branch, Citigroup Centre Canada Square, Canary Wharf, London E14 5LB, United Kingdom and http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html and copies may be obtained from Phoenix Group Holdings plc, 100 St Paul's Churchyard, London EC4M 8BU, United Kingdom.]

1	**Issuer**:		Phoenix Group Holdings plc
2	(i)	Series Number:	[●]
	(ii)	Tranche Number:	[●]
3	**Specified Currency or Currencies**:		[●]
4	**Aggregate Nominal Amount of Notes admitted to trading:**		
	(i)	Series:	[●]
	(ii)	Tranche:	[●]
5	**Issue Price:**		[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●]]
6	(i)	Specified Denominations:	[[●] [and integral multiples of [●] in excess thereof up to and including [●]. No Notes in definitive form will be issued with a denomination above [●]]
	(ii)	Calculation Amount:	[●]
7	(i)	Issue Date:	[●]
	(ii)	Interest Commencement Date:	[●]
8	**Maturity Date:**		[[●]/The Interest Payment Date falling in or nearest to [●]]
9	**Interest Basis:**		[[●] per cent. Fixed Rate]/ [●] month [LIBOR/EURIBOR] +/-[●] per cent. Floating Rate]/ [Fixed Rate Reset Notes]/ [Fixed to Floating Rate Notes]
10	**Redemption Basis:**		[Redemption at par]/[Not Applicable]
11	**Change of Interest Basis:**		[●]/[Fixed Rate Reset Notes]/[Fixed to Floating Rate Notes]
12	**Call Options:**		[Issuer Call]
13	(i)	Status of the Notes:	Tier 3 Notes

	(ii)	[Date [Board] approval for issuance of Notes obtained:	[[●]/Not Applicable, save as discussed in [Paragraph 2] of the "*General Information*" section in the Prospectus]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14	**Fixed Rate Note and Fixed to Floating Rate Note Provisions:**		[Applicable/Not Applicable/Applicable for the period from and including [●] to, but excluding, [●] (the "**Fixed Rate End Date**")]
	(i)	Rate[(s)] of Interest:	[●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
	(ii)	Interest Payment Date(s):	[●] in each year [adjusted in accordance with paragraph 15(vii)/not subject to adjustment]/[commencing on [●] to and including [●]]
	(iii)	Fixed Coupon Amount[(s)] (Definitive Notes only):	[●] per Calculation Amount
	(iv)	Broken Amount(s) (Definitive Notes only):	[[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]]/[●]
	(v)	Day Count Fraction:	[["Actual/Actual"/ "Actual/Actual - ISDA"/ "Actual/365 (Fixed)"/ "Actual/365 (Sterling)"/ "Actual/360"/ "30/360"/ "360/ 360"/ "Bond Basis"/ "30E/360"/ "Eurobond Basis"/ "30E/360 (ISDA)"/ "Actual/Actual - ICMA"]
	(vi)	Determination Dates:	[[●] in each year/Not Applicable]
	(vii)	Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable]
15	**Fixed Rate Reset Note Provisions:**		[Applicable/Not Applicable]
	(i)	Initial Rate of Interest:	[●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
	(ii)	Reset Margin:	[+/-][●] per cent. per annum
	(iii)	Interest Payment Date(s):	[●] in each year
	(iv)	Fixed Coupon Amount[(s)] in respect of the period from (and including) the Interest Commencement Date up to (but excluding) the First Reset Date (Definitive Notes only):	[●] per Calculation Amount
	(v)	Broken Amount(s) (Definitive Notes only):	[[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●] / Not Applicable]
	(vi)	First Reset Note Reset Date:	[●]
	(vii)	Anniversary Date(s):	[●] [and each corresponding day and month falling [●] years thereafter]
	(viii)	Reset Determination Dates:	[●]

	(ix)	Reset Rate:	[[semi-annual][annualised]Mid-Swap Rate] / [Benchmark Gilt Rate]/[CMT Rate]
	(x)	First Reset Period Fallback;	[●]
	(xi)	Benchmark Gilt[s]:	[●]/[●]/[Not Applicable]
	(xii)	Benchmark Frequency:	[●]
	(xiii)	CMT Designated Maturity:	[●]
	(xiv)	CMT Rate Screen Page:	[●]
	(xv)	Swap Rate Period:	[[●]/Not Applicable]
	(xvi)	Screen Page:	["ICESWAP1"] / ["ICESWAP 2"] / ["ICESWAP3"] / ["ICESWAP4"] / ["ICESWAP 5"] / ["ICESWAP6"] / [●] / [Not Applicable]
	(xvii)	Fixed Leg:	[[semi-annual]/[annual] calculated on a[n Actual/365]/[30/360]/[●] day count basis]/[Not Applicable]
	(xviii)	Floating Leg:	[[3]/[6]/[●]-month [LIBOR]/[EURIBOR]/[●] rate calculated on an [Actual/365]/[Actual/360]/[●] day count basis]/[Not Applicable]
	(xix)	Day Count Fraction:	["Actual/Actual"/"Actual/Actual- ISDA"/ "Actual/365 (Fixed)"/ "Actual/365 (Sterling)"/ "Actual 360"/ "30/360"/ "360/ 360"/ "Bond Basis"/ "30E/360"/ "Eurobond Basis"/ "30E/360 (ISDA)"/ "Actual/Actual - ICMA"]
	(xx)	Determination Dates:	[[●] in each year/Not Applicable]
16	**Floating Rate Note and Fixed to Floating Rate Note Provisions:**		[Applicable/Not Applicable/Applicable for the period from and including the Fixed Rate End Date to, but excluding, [●]]
	(i)	Interest Period(s):	[●]
	(ii)	Interest Payment Dates:	[●]
	(iii)	Interest Period Date:	[Not Applicable]/[●] in each year [,subject to adjustment in accordance with the Business Day Convention set out below]/[, not subject to adjustment]
	(iv)	Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable]
	(v)	Additional Business Centre(s):	[●]
	(vi)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
	(vii)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Issuing and Paying Agent):	[●]

(viii)	Screen Rate Determination:		[Offered quotation/Arithmetic mean of offered quotations]
	Reference Rate:		[●] month [LIBOR/EURIBOR]
	Interest Determination Date(s):		[●]
	Relevant Screen Page:		[●]
(ix)	ISDA Determination:		
	–	Floating Rate Option:	[●]
	–	Designated Maturity:	[●]
	–	Reset Date:	[●]
(x)	Linear Interpolation:		Not Applicable/Applicable – the Rate of Interest for the [long/short][first/last] Interest Period shall be calculated using Linear Interpolation (specify for each short or long interest period)]
(xi)	Margin(s):		[+/-][●] per cent. per annum
(xii)	Minimum Rate of Interest:		[●] per cent. per annum
(xiii)	Maximum Rate of Interest:		[●] per cent. per annum
(xiv)	Day Count Fraction:		["Actual/Actual" / "Actual/Actual - ISDA"/ "Actual/365 (Fixed)"/ "Actual/365 (Sterling)"/ "Actual 360"/ "30/360"/ "360/ 360"/ "Bond Basis"/ "30E/360"/ "Eurobond Basis"/ "30E/360 (ISDA)"/ "Actual/Actual - ICMA"]

PROVISIONS RELATING TO REDEMPTION

17	**Capital Replacement End Date:**		[●]
18	**Call Option:**		[Applicable/Not Applicable]
	(i)	Optional Redemption Date(s):	[●]
	(ii)	Optional Redemption Amount(s) of each Note:	[●] per Calculation Amount
	(iii)	Notice period:	[●]
19	**Ratings Methodology Call:**		[Applicable/Not Applicable]
20	**Final Redemption Amount of each Note:**		[[●] per Calculation Amount]/[Not Applicable]
21	**Special Redemption Price:**		
	(i)	in respect of a Capital Disqualification Event redemption:	[●] per Calculation Amount
	(ii)	in respect of a redemption for taxation reasons:	[●] per Calculation Amount
	(iii)	in respect of a Ratings Methodology Event redemption:	[●] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

22	**Relevant Benchmark[s]**	[[specify benchmark] is provided by [administrator legal name]][repeat as necessary]. As at the date hereof,

		[[administrator legal name][appears]/[does not appear]][repeat as necessary] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (Register of administrators and benchmarks) of the Benchmark Regulation]/[As far as the Issuer is aware, as at the date hereof, [specify benchmark] does not fall within the scope of the Benchmark Regulation]/[Not Applicable]
23	**Form of Notes:**	**[Bearer Notes:** [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note] [Temporary Global Note exchangeable for Definitive Notes on [●] days' notice] [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]] **[Registered Notes:** [Regulation S Global Note (U.S.$/€[●] nominal amount) registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the NSS)]]
24	**Global Certificates (Registered Notes):**	[Yes] [No]
25	**Additional Financial Centre(s) or other special provisions relating to Payment Dates:**	[Not Applicable/[●]]
26	**Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):**	[Yes] [No] [As the Notes have more than 27 Coupons, Talons will be attached.]
DISTRIBUTION		
27	**U.S. selling restrictions:**	[Reg. S Compliance Category 2; TEFRA C/TEFRA D/TEFRA Not Applicable]
28	**Additional selling restrictions:**	[Not Applicable]

Signed on behalf of the Issuer:

By:

Duly authorised

PART B — OTHER INFORMATION

1	**LISTING**		
	(i)	Listing:	[London]
	(ii)	Admission to trading:	[Application has been made for the Notes to be admitted to trading on [the London Stock Exchange] with effect from [●].]
	(iii)	Estimate of total expenses related to admission to trading:	[●]
2	**RATINGS**		Ratings: The Notes to be issued [[have been]/[are expected to be]] rated: [Fitch Ratings: [●]] [S&P: [●]] [Moody's: [●]] [[●] [is/is not] established in the [UK/European Economic Area] and [is/is not] registered under Regulation (EU) No 1060/2009, as amended.] [*If ratings assigned/to be assigned to the Notes are set out, include here a brief explanation of the meaning of such ratings*]
3	**[ESTIMATED TOTAL EXPENSES]**		
	Estimated total expenses:		[●]
4	**ESTIMATED NET PROCEEDS**		
	Estimated net proceeds:		[●]
5	**[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]**		
	[[●]/ "Save as discussed in ["*Subscription and Sale*"], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."]		
6	**[Fixed Rate Notes only - YIELD**		
	Indication of yield:		[●] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]
7	**OPERATIONAL INFORMATION**		
	ISIN Code:		[●]
	Common Code:		[●]
	CFI Code:		[See/[[include code], as updated, as set out on] the website of the Association of National Numbering Agencies ("**ANNA**") or alternatively sourced from the responsible National Numbering Agency that assigned

	the ISIN/Not Applicable/Not Available]
FISN:	[See/[[include code], as updated, as set out on] the website of the Association of National Numbering Agencies ("**ANNA**") or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking SA and the relevant identification number(s):	[Not Applicable/[●]]
Names and addresses of additional Paying Agent(s) (if any):	[●]
Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,][include this text for registered notes] and does not necessarily mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] / [No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,][include this text for registered notes]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

FORM OF FINAL TERMS FOR TIER 2 NOTES

The form of Final Terms that will be issued in respect of each Tranche, subject only to the deletion of non-applicable provisions, is set out below:

Final Terms dated [●]

Phoenix Group Holdings plc

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

under the £5,000,000,000 Euro Medium Term Note Programme

PART A - CONTRACTUAL TERMS FOR TIER 2 NOTES

[**MiFID II product governance / Professional investors and ECPs only target market**: Solely for the purposes of [the/each] manufacturer[‘s/s’] product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “**MiFID II**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[‘s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels.]

PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS: The Notes are not intended to be offered, sold or otherwise made available and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”) or in the United Kingdom (the “**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of [Directive 2014/65/EU, as amended, “**MiFID II**” / MiFID II]); [or] (ii) a customer within the meaning of Directive 2016/97/EU, as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; [or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”)]. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Tier 2 Notes (the “**Conditions**”) set forth in the Prospectus dated [●] 2020 [and the supplemental Prospectus[es] dated [●]] which [together] constitute[s] a base prospectus for the purposes of Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with such Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus [as so supplemented]. The Prospectus is available for viewing at Citibank N.A., London Branch, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom and http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html and copies may be obtained from Phoenix Group Holdings plc, 100 St Paul’s Churchyard, London EC4M 8BU, United Kingdom.]

[OR]

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Tier 2 Notes (the "**Conditions**") contained in the Trust Deed dated [original date] and set forth in the Prospectus dated [original date] and incorporated by reference into the Prospectus dated [●] 2020 and which are attached hereto. This document constitutes the Final Terms of the Notes described herein for the purposes of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") and must be read in conjunction with the Prospectus dated [●] 2020 [and the supplemental Prospectus[es] dated [●], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of the Conditions, these Final Terms and the Prospectus dated [●] 2020 [as so supplemented]. The Prospectus is available for viewing at Citibank N.A., London Branch, Citigroup Centre Canada Square, Canary Wharf, London E14 5LB, United Kingdom and http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html and copies may be obtained from Phoenix Group Holdings plc, 100 St Paul's Churchyard, London EC4M 8BU, United Kingdom.]

1	**Issuer:**		Phoenix Group Holdings plc
2	(i)	Series Number:	[●]
	(ii)	Tranche Number:	[●]
3	**Specified Currency or Currencies**:		[●]
4	**Aggregate Nominal Amount of Notes admitted to trading:**		
	(i)	Series:	[●]
	(ii)	Tranche:	[●]
5	**Issue Price:**		[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●]]
6	(i)	Specified Denominations:	[[●] [and integral multiples of [●] in excess thereof up to and including [●]. No Notes in definitive form will be issued with a denomination above [●]]
	(ii)	Calculation Amount:	[●]
7	(i)	Issue Date:	[●]
	(ii)	Interest Commencement Date:	[●]
8	**Maturity Date:**		[[●]/The Interest Payment Date falling in or nearest to [●]]/[Not Applicable]
9	**Interest Basis:**		[[●]per cent. Fixed Rate]/ [●] month [LIBOR/EURIBOR] +/-[●] per cent. Floating Rate]/ [Fixed Rate Reset Notes]/ [Fixed to Floating Rate Notes]
10	**Redemption Basis:**		[Redemption at par]/[Not Applicable]
11	**Change of Interest Basis:**		[●]/[Fixed Rate Reset Notes]/[Fixed to Floating Rate Notes]
12	**Call Options:**		[Issuer Call]
13	(i)	Status of the Notes:	Tier 2 Notes

	(ii)	[Date [Board] approval for issuance of Notes obtained:	[[●]/Not Applicable, save as discussed in [Paragraph 2] of the "*General Information*" section in the Prospectus]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14	**Fixed Rate Note and Fixed to Floating Rate Note Provisions:**		[Applicable/Not Applicable/Applicable for the period from and including [●] to, but excluding, [●] (the "**Fixed Rate End Date**")]
	(i)	Rate[(s)] of Interest:	[●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
	(ii)	Interest Payment Date(s):	[●] in each year [adjusted in accordance with paragraph 15(vii)/not subject to adjustment]/[commencing on [●] to and including [●]]
	(iii)	Fixed Coupon Amount[(s)] (Definitive Notes only):	[●] per Calculation Amount
	(iv)	Broken Amount(s) (Definitive Notes only):	[[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]]/[●]
	(v)	Day Count Fraction:	[["Actual/Actual"/ "Actual/Actual - ISDA"/ "Actual/365 (Fixed)"/ "Actual/365 (Sterling)"/ "Actual/360"/ "30/360"/ "360/ 360"/ "Bond Basis"/ "30E/360"/ "Eurobond Basis"/ "30E/360 (ISDA)"/ "Actual/Actual - ICMA"]
	(vi)	Determination Dates:	[[●] in each year/Not Applicable]
	(vii)	Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable]
15	**Fixed Rate Reset Note Provisions:**		[Applicable/Not Applicable]
	(i)	Initial Rate of Interest:	[●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
	(ii)	Reset Margin:	[+/-][●] per cent. per annum
	(iii)	Interest Payment Date(s):	[●] in each year
	(iv)	Fixed Coupon Amount[(s)] in respect of the period from (and including) the Interest Commencement Date up to (but excluding) the First Reset Date (Definitive Notes only):	[●] per Calculation Amount
	(v)	Broken Amount(s) (Definitive Notes only):	[[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●] / Not Applicable]
	(vi)	First Reset Note Reset Date:	[●]
	(vii)	Anniversary Date(s):	[●] [and each corresponding day and month falling [●] years thereafter]
	(viii)	Reset Determination Dates:	[●]

(ix)	Reset Rate:	[[semi-annual][annualised]Mid-Swap Rate] / [Benchmark Gilt Rate]/[CMT Rate]
(x)	First Reset Period Fallback;	[●]
(xi)	Benchmark Gilt[s]:	[●]/[●]/[Not Applicable]
(xii)	Benchmark Frequency:	[●]
(xiii)	CMT Designated Maturity:	[●]
(xiv)	CMT Rate Screen Page:	[●]
(xv)	Swap Rate Period:	[[●]/Not Applicable]
(xvi)	Screen Page:	["ICESWAP1"] / ["ICESWAP 2"] / ["ICESWAP3"] / ["ICESWAP4"] / ["ICESWAP 5"] / ["ICESWAP6"] / [●] / [Not Applicable]
(xvii)	Fixed Leg:	[[semi-annual]/[annual] calculated on a[n Actual/365]/[30/360]/[●] day count basis]/[Not Applicable]
(xviii)	Floating Leg:	[[3]/[6]/[●]-month [LIBOR]/[EURIBOR]/[●] rate calculated on an [Actual/365]/[Actual/360]/[●] day count basis]/[Not Applicable]
(xix)	Day Count Fraction:	["Actual/Actual"/"Actual/Actual- ISDA"/ "Actual/365 (Fixed)"/ "Actual/365 (Sterling)"/ "Actual 360"/ "30/360"/ "360/ 360"/ "Bond Basis"/ "30E/360"/ "Eurobond Basis"/ "30E/360 (ISDA)"/ "Actual/Actual - ICMA"]
(xx)	Determination Dates:	[[●] in each year/Not Applicable]
16	**Floating Rate Note and Fixed to Floating Rate Note Provisions:**	[Applicable/Not Applicable/Applicable for the period from and including the Fixed Rate End Date to, but excluding, [●]]
(i)	Interest Period(s):	[●]
(ii)	Interest Payment Dates:	[●]
(iii)	Interest Period Date:	[Not Applicable]/[●] in each year [,subject to adjustment in accordance with the Business Day Convention set out below]/[, not subject to adjustment]
(iv)	Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable]
(v)	Additional Business Centre(s):	[●]
(vi)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
(vii)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Issuing and Paying Agent):	[●]

	(viii)	Screen Rate Determination:	[Offered quotation/Arithmetic mean of offered quotations]
		Reference Rate:	[●] month [LIBOR/EURIBOR]
		Interest Determination Date(s):	[●]
		Relevant Screen Page:	[●]
	(ix)	ISDA Determination	
		– Floating Rate Option:	[●]
		– Designated Maturity:	[●]
		– Reset Date:	[●]
	(x)	Linear Interpolation:	Not Applicable/Applicable – the Rate of Interest for the [long/short][first/last] Interest Period shall be calculated using Linear Interpolation (specify for each short or long interest period)]
	(xi)	Margin(s):	[+/-][●] per cent. per annum
	(xii)	Minimum Rate of Interest:	[●] per cent. per annum
	(xiii)	Maximum Rate of Interest:	[●] per cent. per annum
	(xiv)	Day Count Fraction:	["Actual/Actual" / "Actual/Actual - ISDA" / "Actual/365 (Fixed)"/ "Actual/365 (Sterling)"/ "Actual 360"/ "30/360"/ "360/ 360"/ "Bond Basis"/ "30E/360"/ "Eurobond Basis"/ "30E/360 (ISDA)"/ "Actual/Actual - ICMA"]
17	**Optional Interest Payment Date**		[Applicable/Not Applicable]
PROVISIONS RELATING TO REDEMPTION			
18	**Capital Replacement End Date:**		[●]
19	**Call Option:**		[Applicable/Not Applicable]
	(i)	Optional Redemption Date(s):	[●]
	(ii)	Optional Redemption Amount(s) of each Note:	[●] per Calculation Amount
	(iii)	Notice period:	[●]
20	**Ratings Methodology Call:**		[Applicable/Not Applicable.]
21	**Final Redemption Amount of each Note:**		[[●] per Calculation Amount]/[Not Applicable]
22	**Special Redemption Price:**		
	(i)	in respect of a Capital Disqualification Event redemption:	[●] per Calculation Amount
	(ii)	in respect of a redemption for taxation reasons	[●] per Calculation Amount
	(iii)	in respect of a Ratings Methodology Event redemption:	[●] per Calculation Amount
GENERAL PROVISIONS APPLICABLE TO THE NOTES			
23	**Relevant Benchmark[s]**		[[specify benchmark] is provided by [administrator

		legal name]][repeat as necessary]. As at the date hereof, [[administrator legal name][appears]/[does not appear]][repeat as necessary] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (Register of administrators and benchmarks) of the Benchmark Regulation]/[As far as the Issuer is aware, as at the date hereof, [specify benchmark] does not fall within the scope of the Benchmark Regulation]/[Not Applicable]
24	**Form of Notes:**	**[Bearer Notes:** [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note] [Temporary Global Note exchangeable for Definitive Notes on [●]days' notice] [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]] **[Registered Notes:** [Regulation S Global Note (U.S.$/€[●] nominal amount) registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the NSS)]]
25	**Global Certificates (Registered Notes):**	[Yes] [No]
26	**Additional Financial Centre(s) or other special provisions relating to Payment Dates:**	[Not Applicable/[●]]
27	**Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):**	[Yes] [No] [As the Notes have more than 27 Coupons, Talons will be attached.]
DISTRIBUTION		
28	**U.S. selling restrictions:**	[Reg. S Compliance Category 2; TEFRA C/TEFRA D/TEFRA Not Applicable]
29	**Additional selling restrictions:**	[Not Applicable]

Signed on behalf of the Issuer:

By:

Duly authorised

PART B — OTHER INFORMATION

1	**LISTING**		
	(i)	Listing:	[London]
	(ii)	Admission to trading:	[Application has been made for the Notes to be admitted to trading on [the London Stock Exchange] with effect from [●].]
	(iii)	Estimate of total expenses related to admission to trading:	[●]
2	**RATINGS**		Ratings: The Notes to be issued [[have been]/[are expected to be]] rated: [Fitch Ratings: [●]] [S&P: [●]] [Moody's: [●]] [[●] [is/is not] established in the [UK/European Economic Area] and [is/is not] registered under Regulation (EU) No 1060/2009, as amended.] [*If ratings assigned/to be assigned to the Notes are set out, include here a brief explanation of the meaning of such ratings*]
3	**[ESTIMATED TOTAL EXPENSES]**		
	Estimated total expenses:		[●]
4	**ESTIMATED NET PROCEEDS**		
	Estimated net proceeds:		[●]
5	**[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]**		
	[[●]/ "Save as discussed in ["*Subscription and Sale*"], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."]		
6	**[Fixed Rate Notes only - YIELD**		
	Indication of yield:		[●] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]
7	**OPERATIONAL INFORMATION**		
	ISIN Code:		[●]
	Common Code:		[●]
	CFI Code:		[See/[[include code], as updated, as set out on] the website of the Association of National Numbering Agencies ("**ANNA**") or alternatively sourced from the responsible National Numbering Agency that assigned

	the ISIN/Not Applicable/Not Available]
FISN:	[See/[[include code], as updated, as set out on] the website of the Association of National Numbering Agencies ("**ANNA**") or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking SA and the relevant identification number(s):	[Not Applicable/[●]]
Names and addresses of additional Paying Agent(s) (if any):	[●]
Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,][include this text for registered notes] and does not necessarily mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] / [No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,][include this text for registered notes]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

FORM OF PRICING SUPPLEMENT FOR SENIOR NOTES

No prospectus is required in accordance with Regulation (EU) 2017/1129, for the issue of the PR Exempt Notes described herein. The Financial Conduct Authority has neither approved or reviewed information contained in this Pricing Supplement.

The form of Pricing Supplement that will be issued in respect of each Tranche, subject only to the deletion of non-applicable provisions, is set out below.

Pricing Supplement dated [●]

Phoenix Group Holdings plc

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

under the £5,000,000,000 Euro Medium Term Note Programme

PART A - CONTRACTUAL TERMS FOR SENIOR NOTES

[**MiFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer[‘s/s’] product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “**MiFID II**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[‘s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels.]

[**PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”) or in the United Kingdom (the “**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); [or] (ii) a customer within the meaning of Directive 2016/97/EU, as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or [(iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”)]. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.]

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Senior Notes (the “**Conditions**”) set forth in the Prospectus dated [●] 2020 [and the supplemental Prospectus[es] dated [●]] (the “**Prospectus**”). Any reference in the Conditions to “relevant Final Terms” shall be deemed to include “relevant Pricing Supplement”, where applicable.

This document constitutes the Pricing Supplement of the PR Exempt Notes described herein and must be read in conjunction with the Prospectus [as so supplemented]. Full information on the Issuer and the offer of the PR Exempt Notes is only available on the basis of the combination of this Pricing Supplement and the

Prospectus [as so supplemented]. The Prospectus [and the supplemental Prospectus[es]] [is] [are] available for viewing at Citibank N.A., London Branch, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom and http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html and copies may be obtained from Phoenix Group Holdings plc, 100 St Paul's Churchyard, London EC4M 8BU, United Kingdom.

1	**Issuer:**		Phoenix Group Holdings plc
2	(i)	Series Number:	[●]
	(ii)	Tranche Number:	[●]
3	**Specified Currency or Currencies:**		[●]
4	**Aggregate Nominal Amount of Notes admitted to trading:**		
	(i)	Series:	[●]
	(ii)	Tranche:	[●]
5	**Issue Price:**		[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●]]
6	(i)	Specified Denominations:	[[●] and integral multiples of [●] in excess thereof up to and including [●]. No Notes in definitive form will be issued with a denomination above [●]]
	(ii)	Calculation Amount:	[●]
7	(i)	Issue Date:	[●]
	(ii)	Interest Commencement Date:	[●]
8	**Maturity Date:**		[[●]/The Interest Payment Date falling in or nearest to [●]]
9	**Interest Basis:**		[[●] per cent. Fixed Rate/ Fixed to Floating Rate Notes/ Fixed Rate Reset Notes/ [●] month [LIBOR/EURIBOR] +/-[●] per cent. Floating Rate/Zero Coupon]
10	**Change of Interest Basis:**		[●]/[Fixed Rate Reset Notes]/[Fixed to Floating Rate Notes]
11	**Redemption Basis:**		[Redemption at par]
12	**Put/Call Options:**		[Investor Put] [Issuer Call]
13	(i)	Status of the Notes:	Senior Notes
	(ii)	[Date [Board] approval for issuance of Notes obtained:	[[●]/Not Applicable, save as discussed in [Paragraph 2] of the "*General Information*" section in the Prospectus]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14	**Fixed Rate Note and Fixed to Floating Rate Note Provisions:**		[Applicable/Not Applicable/Applicable for the period from and including [●] to, but excluding, [●] (the "**Fixed Rate End Date**")]
	(i)	Rate[(s)] of Interest:	[●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
	(ii)	Interest Payment Date(s):	[●] in each year [adjusted in accordance with paragraph 14(vii)/not subject to adjustment]/[commencing on [●] to

			and including [●]]
	(iii)	Fixed Coupon Amount[(s)] (Definitive Notes only):	[●] per Calculation Amount
	(iv)	Broken Amount(s) (Definitive Notes only):	[[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]]/[●]
	(v)	Day Count Fraction:	[["Actual/Actual"/ "Actual/Actual - ISDA"/ "Actual/365 (Fixed)"/ "Actual/365 (Sterling)"/ "Actual/360"/ "30/360"/ "360/ 360"/ "Bond Basis"/ "30E/360"/ "Eurobond Basis"/ "30E/360 (ISDA)"/ "Actual/Actual - ICMA"]
	(vi)	Determination Dates:	[[●] in each year/Not Applicable]
	(vii)	Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable]
15	**Fixed Rate Reset Note Provisions:**		[Applicable/Not Applicable]
	(i)	Initial Rate of Interest:	[●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
	(ii)	Reset Margin:	[+/-][●] per cent. per annum
	(iii)	Interest Payment Date(s):	[●] in each year
	(iv)	Fixed Coupon Amount[(s)] in respect of the period from (and including) the Interest Commencement Date up to (but excluding) the First Reset Date (Definitive Notes only):	[●] per Calculation Amount
	(v)	Broken Amount(s) (Definitive Notes only):	[[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●] / Not Applicable]
	(vi)	First Reset Note Reset Date:	[●]
	(vii)	Anniversary Date(s):	[●] [and each corresponding day and month falling [●] years thereafter]
	(viii)	Reset Determination Dates:	[●]
	(ix)	Reset Rate:	[[semi-annual][annualised]Mid-Swap Rate] / [Benchmark Gilt Rate]/[CMT Rate]
	(x)	First Reset Period Fallback:	[●]
	(xi)	Benchmark Gilt[s]:	[●]/[●]/[Not Applicable]
	(xii)	Benchmark Frequency:	[●]
	(xiii)	CMT Designated Maturity:	[●]
	(xiv)	CMT Rate Screen Page:	[●]
	(xv)	Swap Rate Period:	[[●]/Not Applicable]
	(xvi)	Screen Page:	["ICESWAP1"] / ["ICESWAP 2"] / ["ICESWAP3"] /

			["ICESWAP4"] / ["ICESWAP 5"] / ["ICESWAP6"] / [●] / [Not Applicable]
	(xvii)	Fixed Leg:	[[semi-annual]/[annual] calculated on a[n Actual/365]/[30/360]/[●] day count basis]/[Not Applicable]
	(xviii)	Floating Leg:	[[3]/[6]/[●]-month [LIBOR]/[EURIBOR]/[●] rate calculated on an [Actual/365]/[Actual/360]/[●] day count basis]/[Not Applicable]
	(xix)	Day Count Fraction:	["Actual/Actual"/"Actual/Actual- ISDA"/ "Actual/365 (Fixed)"/ "Actual/365 (Sterling)"/ "Actual 360"/ "30/360"/ "360/ 360"/ "Bond Basis"/ "30E/360"/ "Eurobond Basis"/ "30E/360 (ISDA)"/ "Actual/Actual - ICMA"]
	(xx)	Determination Dates:	[[●] in each year/Not Applicable]
16	**Floating Rate Note and Fixed to Floating Rate Note Provisions:**		[Applicable/Not Applicable/Applicable for the period from and including the Fixed Rate End Date to, but excluding, [●]]
	(i)	Interest Period(s):	[●]
	(ii)	Interest Payment Dates:	[●]
	(iii)	Interest Period Date:	[Not Applicable]/[●] in each year [,subject to adjustment in accordance with the Business Day Convention set out below]/[, not subject to adjustment]
	(iv)	Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable]
	(v)	Additional Business Centre(s):	[●]
	(vi)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
	(vii)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Issuing and Paying Agent):	[●]
	(viii)	Screen Rate Determination:	[Offered quotation/Arithmetic mean of offered quotations]
		Reference Rate:	[●] month [LIBOR/EURIBOR]
		Interest Determination Date(s):	[●]
		Relevant Screen Page:	[●]
	(ix)	ISDA Determination:	
		– Floating Rate Option:	[●]
		– Designated Maturity:	[●]
		– Reset Date:	[●]
	(x)	Linear Interpolation:	Not Applicable/Applicable – the Rate of Interest for the

			[long/short][first/last] Interest Period shall be calculated using Linear Interpolation (specify for each short or long interest period)]
	(xi)	Margin(s):	[+/-][●] per cent. per annum
	(xii)	Minimum Rate of Interest:	[●] per cent. per annum
	(xiii)	Maximum Rate of Interest:	[●] per cent. per annum
	(xiv)	Day Count Fraction:	["Actual/Actual" / "Actual/Actual - ISDA"/ "Actual/365 (Fixed)"/ "Actual 360"/ "30/360"/ "360/ 360"/ "Bond Basis"/ "30E/360"/ "Eurobond Basis"/ "30E/360 (ISDA)"/ "Actual/Actual - ICMA"]
17	**Zero Coupon Note Provisions**:		[Applicable/Not Applicable]
	(i)	Amortisation Yield:	[[●] per cent. per annum] / [Not Applicable]]
	(ii)	Day Count Fraction:	["Actual/Actual"/ "Actual/Actual – ISDA"/ "Actual/Ac Method"/ "Actual/365 (Fixed)"/ "Actual/365 (Sterling)"/ "Actual/360"/ "30/360"/ "360/360"/ "Bond Basis"/ "30E/360"/ "Eurobond Basis"/ "30E/360 (ISDA)"/ "Actual/Actual – ICMA"]

PROVISIONS RELATING TO REDEMPTION

18	**Call Option:**		[Applicable/Not Applicable]
	(i)	Optional Redemption Date(s):	[●]
	(ii)	Optional Redemption Amount(s) of each Note:	[●] per Calculation Amount
	(iii)	If redeemable in part:	
		(a) Minimum Redemption Amount:	[●] per Calculation Amount
		(b) Maximum Redemption Amount:	[●] per Calculation Amount
	(iv)	Notice period:	[●]
19	**Put Option:**		[Applicable/Not Applicable]
	(i)	Optional Redemption Date(s):	[●]
	(ii)	Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[●] per Calculation Amount
	(iii)	Notice period:	[●]
20	**Early Redemption Amount**		
	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption:		[●]
21	Final Redemption Amount of each		[[●] per Calculation Amount]/[Not Applicable]

Note:

GENERAL PROVISIONS APPLICABLE TO THE NOTES

22	**Relevant Benchmark[s]**	[[specify benchmark] is provided by [administrator legal name]][repeat as necessary]. As at the date hereof, [[administrator legal name][appears]/[does not appear]][repeat as necessary] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (Register of administrators and benchmarks) of the Benchmark Regulation]/[As far as the Issuer is aware, as at the date hereof, [specify benchmark] does not fall within the scope of the Benchmark Regulation]/[Not Applicable]
23	**Form of Notes:**	**[Bearer Notes:** [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note] [Temporary Global Note exchangeable for Definitive Notes on [●] days' notice] [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note] **[Registered Notes:** [Regulation S Global Note (U.S.$/€[●] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the NSS)]].
24	**New Global Note (Bearer Notes):**	[Yes] [No]
25	**Global Certificates (Registered Notes):**	[Yes] [No]
26	**New Safekeeping Structure (Registered Notes):**	[Yes] [No]
27	**Additional Financial Centre(s) or other special provisions relating to Payment Dates:**	[Not Applicable/[●]]
28	**Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):**	[Yes] / [No] [As the Notes have more than 27 Coupons, Talons will be attached.]

DISTRIBUTION

29	U.S. selling restrictions:	[Reg. S Compliance Category 2; TEFRA C/TEFRA D/TEFRA Not Applicable]
30	Additional selling restrictions:	[Not Applicable]

31	Prohibition of Sales to EEA Retail Investors	[Applicable/Not Applicable] (*If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.*)

Signed on behalf of the Issuer:

By:

Duly authorised

PART B — OTHER INFORMATION

1 **LISTING**

(i)	Listing:	[[●]/None]
(ii)	Admission to trading:	[Application has been made for the Notes to be admitted to trading on [●] with effect from [●].] [Not Applicable]
(iii)	Estimate of total expenses related to admission to trading:	[●]

2 **RATINGS**

Ratings:	The Notes to be issued [[have been]/[are expected to be]] rated: [Fitch Ratings: [●]] [S&P: [●]] [Moody's: [●]] [[●] [is/is not] established in the [UK/European Economic Area] and [is/is not] registered under Regulation (EU) No 1060/2009, as amended] [*If ratings assigned/to be assigned to the Notes are set out, include here a brief explanation of the meaning of such ratings*]

3 **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

(i)	Reasons for the offer and use of proceeds:	[●]
(ii)	Estimated net proceeds:	[●]
(iii)	Estimated total expenses:	[●]

4 **[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]**

[[●]/ "Save as discussed in ["*Subscription and Sale*"], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."]

5 **[Fixed Rate Notes only - YIELD**

Indication of yield:	[●] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

6 **OPERATIONAL INFORMATION**

ISIN Code:	[●]
Common Code:	[●]
CFI Code:	[See/[[include code], as updated, as set out on] the website of the Association of National Numbering Agencies ("**ANNA**") or alternatively sourced from the responsible National Numbering Agency that assigned

	the ISIN/Not Applicable/Not Available]
FISN Code:	[See/[[include code], as updated, as set out on] the website of the Association of National Numbering Agencies ("**ANNA**") or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking SA and the relevant identification number(s):	[Not Applicable/[●]]
Names and addresses of additional Paying Agent(s) (if any):	[●]
Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,][include this text for registered notes] and does not necessarily mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] / [No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,][include this text for registered notes]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

FORM OF PRICING SUPPLEMENT FOR TIER 3 NOTES

No prospectus is required in accordance with Regulation (EU) 2017/1129 for the issue of the PR Exempt Notes described herein. The Financial Conduct Authority has neither approved or reviewed information contained in this Pricing Supplement.

The form of Pricing Supplement that will be issued in respect of each Tranche, subject only to the deletion of non-applicable provisions, is set out below:

Pricing Supplement dated [●]

Phoenix Group Holdings plc

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

under the £5,000,000,000 Euro Medium Term Note Programme

PART A - CONTRACTUAL TERMS FOR TIER 3 NOTES

[**MiFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer[‘s/s’] product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “**MiFID II**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[‘s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels.]

PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”) or in the United Kingdom (the “**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); [or] (ii) a customer within the meaning of Directive 2016/97/EU, as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or [(iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”)]. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Tier 3 Notes (the “**Conditions**”) set forth in the Prospectus dated [●] 2020 [and the supplemental Prospectus[es] dated [•]] (the “**Prospectus**”). Any reference in the Conditions to “relevant Final Terms” shall be deemed to include “relevant Pricing Supplement”, where applicable.

This document constitutes the Pricing Supplement of the PR Exempt Notes described herein and must be read in conjunction with the Prospectus [as so supplemented]. Full information on the Issuer and the offer of the PR Exempt Notes is only available on the basis of the combination of this Pricing Supplement and the Prospectus [as so supplemented]. The Prospectus [and the supplemental Prospectus[es]] [is] [are] available for

viewing at Citibank N.A., London Branch, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom and http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html and copies may be obtained from Phoenix Group Holdings plc, 100 St Paul's Churchyard, London EC4M 8BU, United Kingdom.

1	**Issuer**:		Phoenix Group Holdings plc
2	(i)	Series Number:	[●]
	(ii)	Tranche Number:	[●]
3	**Specified Currency or Currencies**:		[●]
4	**Aggregate Nominal Amount of Notes admitted to trading:**		
	(i)	Series:	[●]
	(ii)	Tranche:	[●]
5	**Issue Price:**		[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●]]
6	(i)	Specified Denominations:	[[●] [and integral multiples of [●] in excess thereof up to and including [●]. No Notes in definitive form will be issued with a denomination above[●]]
	(ii)	Calculation Amount:	[●]
7	(i)	Issue Date:	[●]
	(ii)	Interest Commencement Date:	[●]
8	**Maturity Date:**		[[●]/The Interest Payment Date falling in or nearest to [●]]
9	**Interest Basis:**		[[●] per cent. Fixed Rate]/ [●] month [LIBOR/EURIBOR] +/-[●] per cent. Floating Rate]/ [Fixed Rate Reset Notes]/ [Fixed to Floating Rate Notes]
10	**Redemption Basis:**		[Redemption at par]/[Not Applicable]
11	**Change of Interest Basis:**		[●]/[Fixed Rate Reset Notes]/[Fixed to Floating Rate Notes]
12	**Call Options:**		[Issuer Call]
13	(i)	Status of the Notes:	Tier 3 Notes
	(ii)	[Date [Board] approval for issuance of Notes obtained:	[[●]/Not Applicable, save as discussed in [Paragraph 2] of the "*General Information*" section in the Prospectus]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14	**Fixed Rate Note and Fixed to Floating Rate Note Provisions:**		[Applicable/Not Applicable/Applicable for the period from and including [●] to, but excluding, [●] (the "**Fixed Rate End Date**")]
	(i)	Rate[(s)] of Interest:	[●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]

	(ii)	Interest Payment Date(s):	[●] in each year [adjusted in accordance with paragraph 15(vii)/not subject to adjustment]/[commencing on [●] to and including [●]]
	(iii)	Fixed Coupon Amount[(s)] (Definitive Notes only):	[●] per Calculation Amount
	(iv)	Broken Amount(s) (Definitive Notes only):	[[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]]/[●]
	(v)	Day Count Fraction:	[["Actual/Actual"/ "Actual/Actual – ISDA"/ "Actual/365 (Fixed)"/ "Actual/365 (Sterling)"/ "Actual/360"/ "30/360"/ "360/ 360"/ "Bond Basis"/ "30E/360"/ "Eurobond Basis"/ "30E/360 (ISDA)"/ "Actual/Actual – ICMA"]
	(vi)	Determination Dates:	[[●] in each year/Not Applicable]
	(vii)	Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable]
15	**Fixed Rate Reset Note Provisions:**		[Applicable/Not Applicable]
	(i)	Initial Rate of Interest:	[●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
	(ii)	Reset Margin:	[+/-][●] per cent. per annum
	(iii)	Interest Payment Date(s):	[●] in each year
	(iv)	Fixed Coupon Amount[(s)] in respect of the period from (and including) the Interest Commencement Date up to (but excluding) the First Reset Date (Definitive Notes only):	[●] per Calculation Amount
	(v)	Broken Amount(s) (Definitive Notes only):	[[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●] / Not Applicable]
	(vi)	First Reset Note Reset Date:	[●]
	(vii)	Anniversary Date(s):	[●] [and each corresponding day and month falling [●] years thereafter]
	(viii)	Reset Determination Dates:	[●]
	(ix)	Reset Rate:	[[semi-annual][annualised]Mid-Swap Rate] / [Benchmark Gilt Rate]/[CMT Rate]
	(x)	First Reset Period Fallback:	[●]
	(xi)	Benchmark Gilt[s]:	[●]/[●]/[Not Applicable]
	(xii)	Benchmark Frequency:	[●]
	(xiii)	CMT Designated Maturity:	[●]
	(xiv)	CMT Rate Screen Page:	[●]

	(xv)	Swap Rate Period:	[[●]/Not Applicable]
	(xvi)	Screen Page:	["ICESWAP1"] / ["ICESWAP 2"] / ["ICESWAP3"] / ["ICESWAP4"] / ["ICESWAP 5"] / ["ICESWAP6"] / [●] / [Not Applicable]
	(xvii)	Fixed Leg:	[[semi-annual]/[annual] calculated on a[n Actual/365]/[30/360]/[●] day count basis]/[Not Applicable]
	(xviii)	Floating Leg:	[[3]/[6]/[●]-month [LIBOR]/[EURIBOR]/[●] rate calculated on an [Actual/365]/[Actual/360]/[●] day count basis]/[Not Applicable]
	(xix)	Day Count Fraction:	["Actual/Actual"/"Actual/Actual- ISDA"/ "Actual/365 (Fixed)"/ "Actual/365 (Sterling)"/ "Actual 360"/ "30/360"/ "360/ 360"/ "Bond Basis"/ "30E/360"/ "Eurobond Basis"/ "30E/360 (ISDA)"/ "Actual/Actual – ICMA"]
	(xx)	Determination Dates:	[[●] in each year/Not Applicable]
16	**Floating Rate Note and Fixed to Floating Rate Note Provisions:**		[Applicable/Not Applicable/Applicable for the period from and including the Fixed Rate End Date to, but excluding, [●]]
	(i)	Interest Period(s):	[●]
	(ii)	Interest Payment Dates:	[●]
	(iii)	Interest Period Date:	[Not Applicable]/[●] in each year [,subject to adjustment in accordance with the Business Day Convention set out below]/[, not subject to adjustment]
	(iv)	Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable]
	(v)	Additional Business Centre(s):	[●]
	(vi)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
	(vii)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Issuing and Paying Agent):	[●]
	(viii)	Screen Rate Determination:	[Offered quotation/Arithmetic mean of offered quotations]
		Reference Rate:	[●] month [LIBOR/EURIBOR]
		Interest Determination Date(s):	[●]
		Relevant Screen Page:	[●]
	(ix)	ISDA Determination:	
		– Floating Rate Option:	[●]

	–	Designated Maturity:	[●]
	–	Reset Date:	[●]
	(x)	Linear Interpolation:	Not Applicable/Applicable – the Rate of Interest for the [long/short][first/last] Interest Period shall be calculated using Linear Interpolation (specify for each short or long interest period)]
	(xi)	Margin(s):	[+/-][●] per cent. per annum
	(xii)	Minimum Rate of Interest:	[●] per cent. per annum
	(xiii)	Maximum Rate of Interest:	[●] per cent. per annum
	(xiv)	Day Count Fraction:	["Actual/Actual" / "Actual/Actual – ISDA"/ "Actual/365 (Fixed)"/ "Actual/365 (Sterling)"/ "Actual 360"/ "30/360"/ "360/ 360"/ "Bond Basis"/ "30E/360"/ "Eurobond Basis"/ "30E/360 (ISDA)"/ "Actual/Actual – ICMA"]

PROVISIONS RELATING TO REDEMPTION

17	**Capital Replacement End Date:**		[●]
18	**Call Option:**		[Applicable/Not Applicable]
	(i)	Optional Redemption Date(s):	[●]
	(ii)	Optional Redemption Amount(s) of each Note:	[●] per Calculation Amount
	(iii)	Notice period:	[●]
19	**Ratings Methodology Call:**		[Applicable/Not Applicable]
20	**Final Redemption Amount of each Note:**		[[●] per Calculation Amount]/[Not Applicable]
21	**Special Redemption Price:**		
	(i)	in respect of a Capital Disqualification Event redemption:	[●] per Calculation Amount
	(ii)	in respect of a redemption for taxation reasons:	[●] per Calculation Amount
	(iii)	in respect of a Ratings Methodology Event redemption:	[●] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

22	**Relevant Benchmark[s]**	[[specify benchmark] is provided by [administrator legal name]][repeat as necessary]. As at the date hereof, [[administrator legal name][appears]/[does not appear]][repeat as necessary] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (Register of administrators and benchmarks) of the Benchmark Regulation]/[As far as the Issuer is aware, as at the date hereof, [specify benchmark] does not fall within the scope of the Benchmark Regulation]/[Not Applicable]
23	**Form of Notes:**	**[Bearer Notes:**

		[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note] [Temporary Global Note exchangeable for Definitive Notes on [●]days' notice] [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]] **[Registered Notes:** [Regulation S Global Note (U.S.$/€[●] nominal amount) registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the NSS)]]
24	**Global Certificates (Registered Notes):**	[Yes] [No]
25	**Additional Financial Centre(s) or other special provisions relating to Payment Dates:**	[Not Applicable/[●]]
26	**Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):**	[Yes] [No] [As the Notes have more than 27 Coupons, Talons will be attached.]
DISTRIBUTION		
27	**U.S. selling restrictions:**	[Reg. S Compliance Category 2; TEFRA C/TEFRA D/TEFRA Not Applicable]
28	**Additional selling restrictions:**	[Not Applicable]

Signed on behalf of the Issuer:

By:

Duly authorised

PART B — OTHER INFORMATION

1 **LISTING**

(i)	Listing:	[[●]/None]
(ii)	Admission to trading:	[Application has been made for the Notes to be admitted to trading on [●] with effect from [●].] [Not Applicable]
(iii)	Estimate of total expenses related to admission to trading:	[●]

2 **RATINGS**

Ratings:	The Notes to be issued [[have been]/[are expected to be]] rated: [Fitch Ratings: [●]] [S&P: [●]] [Moody's: [●]] [[●] [is/is not] established in the [UK/European Economic Area] and [is/is not] registered under Regulation (EU) No 1060/2009, as amended] [*If ratings assigned/to be assigned to the Notes are set out, include here a brief explanation of the meaning of such ratings*]

3 **[REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

(i)	Reasons for the offer and use of proceeds:	[●]
(ii)	Estimated net proceeds:	[●]
(iii)	Estimated total expenses:	[●]

4 **[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]**

[[●]/ "Save as discussed in ["*Subscription and Sale*"], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."]

5 **[Fixed Rate Notes only - YIELD**

Indication of yield:	[●] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

6 **OPERATIONAL INFORMATION**

ISIN Code:	[●]
Common Code:	[●]
CFI Code:	[See/[[include code], as updated, as set out on] the website of the Association of National Numbering Agencies ("**ANNA**") or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]

FISN Code:	[See/[[include code], as updated, as set out on] the website of the Association of National Numbering Agencies ("**ANNA**") or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking SA and the relevant identification number(s):	[Not Applicable/[●]]
Names and addresses of additional Paying Agent(s) (if any):	[●]
Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,][include this text for registered notes] and does not necessarily mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] / [No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,][include this text for registered notes]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

FORM OF PRICING SUPPLEMENT FOR TIER 2 NOTES

No prospectus is required in accordance with Regulation (EU) 2017/1129 for the issue of the PR Exempt Notes described herein. The Financial Conduct Authority has neither approved or reviewed information contained in this Pricing Supplement.

The form of Pricing Supplement that will be issued in respect of each Tranche, subject only to the deletion of non-applicable provisions, is set out below:

Pricing Supplement dated [●]

Phoenix Group Holdings plc

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

under the £5,000,000,000 Euro Medium Term Note Programme

PART A - CONTRACTUAL TERMS FOR TIER 2 NOTES

[**MiFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer['s/s'] product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); [or] (ii) a customer within the meaning of Directive 2016/97/EU, as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or [(iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**")]. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Tier 2 Notes (the "**Conditions**") set forth in the Prospectus dated [●] 2020 [and the supplemental Prospectus[es] dated [•]] (the "**Prospectus**"). Any reference in the Conditions to "relevant Final Terms" shall be deemed to include "relevant Pricing Supplement", where applicable.

This document constitutes the Pricing Supplement of the PR Exempt Notes described herein and must be read in conjunction with the Prospectus [as so supplemented]. Full information on the Issuer and the offer of the PR Exempt Notes is only available on the basis of the combination of this Pricing Supplement and the Prospectus [as so supplemented]. The Prospectus [and the supplemental Prospectus[es]] [is] [are] available for

viewing at Citibank N.A., London Branch, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom and http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html and copies may be obtained from Phoenix Group Holdings plc, 100 St Paul's Churchyard, London EC4M 8BU, United Kingdom.

1	**Issuer:**		Phoenix Group Holdings plc
2	(i)	Series Number:	[●]
	(ii)	Tranche Number:	[●]
3	**Specified Currency or Currencies**:		[●]
4	**Aggregate Nominal Amount of Notes admitted to trading:**		
	(i)	Series:	[●]
	(ii)	Tranche:	[●]
5	**Issue Price:**		[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●]]
6	(i)	Specified Denominations:	[[●] [and integral multiples of [●] in excess thereof up to and including [●]. No Notes in definitive form will be issued with a denomination above[●]]
	(ii)	Calculation Amount:	[●]
7	(i)	Issue Date:	[●]
	(ii)	Interest Commencement Date:	[●]
8	**Maturity Date:**		[[●]/The Interest Payment Date falling in or nearest to [●]]/[Not Applicable]
9	**Interest Basis:**		[[●]per cent. Fixed Rate]/ [●] month [LIBOR/EURIBOR] +/-[●] per cent. Floating Rate]/ [Fixed Rate Reset Notes]/ [Fixed to Floating Rate Notes]
10	**Redemption Basis:**		[Redemption at par]/[Not Applicable]
11	**Change of Interest Basis:**		[●]/[Fixed Rate Reset Notes]/[Fixed to Floating Rate Notes]
12	**Call Options:**		[Issuer Call]
13	(i)	Status of the Notes:	Tier 2 Notes
	(ii)	[Date [Board] approval for issuance of Notes obtained:	[[●]/Not Applicable, save as discussed in [Paragraph 2] of the "*General Information*" section in the Prospectus]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14	**Fixed Rate Note and Fixed to Floating Rate Note Provisions:**		[Applicable/Not Applicable/Applicable for the period from and including [●] to, but excluding, [●] (the "**Fixed Rate End Date**")]
	(i)	Rate[(s)] of Interest:	[●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]

	(ii)	Interest Payment Date(s):	[●] in each year [adjusted in accordance with paragraph 15(vii)/not subject to adjustment]/[commencing on [●] to and including [●]]
	(iii)	Fixed Coupon Amount[(s)] (Definitive Notes only):	[●] per Calculation Amount
	(iv)	Broken Amount(s) (Definitive Notes only):	[[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]]/[●]
	(v)	Day Count Fraction:	[["Actual/Actual"/ "Actual/Actual - ISDA"/ "Actual/365 (Fixed)"/ "Actual/365 (Sterling)"/ "Actual/360"/ "30/360"/ "360/ 360"/ "Bond Basis"/ "30E/360"/ "Eurobond Basis"/ "30E/360 (ISDA)"/ "Actual/Actual - ICMA"]
	(vi)	Determination Dates:	[[●] in each year/Not Applicable]
	(vii)	Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable]
15		**Fixed Rate Reset Note Provisions:**	[Applicable/Not Applicable]
	(i)	Initial Rate of Interest:	[●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
	(ii)	Reset Margin:	[+/-][●] per cent. per annum
	(iii)	Interest Payment Date(s):	[●] in each year
	(iv)	Fixed Coupon Amount[(s)] in respect of the period from (and including) the Interest Commencement Date up to (but excluding) the First Reset Date (Definitive Notes only):	[●] per Calculation Amount
	(v)	Broken Amount(s) (Definitive Notes only):	[[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●] / Not Applicable]
	(vi)	First Reset Note Reset Date:	[●]
	(vii)	Anniversary Date(s):	[●] [and each corresponding day and month falling [●] years thereafter]
	(viii)	Reset Determination Dates:	[●]
	(ix)	Reset Rate:	[[semi-annual][annualised]Mid-Swap Rate] / [Benchmark Gilt Rate][CMT Rate]
	(x)	First Reset Period Fallback:	[●]
	(xi)	Benchmark Gilt[s]:	[●]/[●]/[Not Applicable]
	(xii)	Benchmark Frequency:	[●]
	(xiii)	CMT Designated Maturity:	[●]
	(xiv)	CMT Rate Screen Page:	[●]

	(xv)	Swap Rate Period:	[[●]/Not Applicable]
	(xvi)	Screen Page:	["ICESWAP1"] / ["ICESWAP 2"] / ["ICESWAP3"] / ["ICESWAP4"] / ["ICESWAP 5"] / ["ICESWAP6"] / [●] / [Not Applicable]
	(xvii)	Fixed Leg:	[[semi-annual]/[annual] calculated on a[n Actual/365]/[30/360]/[●] day count basis]/[Not Applicable]
	(xviii)	Floating Leg:	[[3]/[6]/[●]-month [LIBOR]/[EURIBOR]/[●] rate calculated on an [Actual/365]/[Actual/360]/[●] day count basis]/[Not Applicable]
	(xix)	Day Count Fraction:	["Actual/Actual"/"Actual/Actual- ISDA"/ "Actual/365 (Fixed)"/ "Actual/365 (Sterling)"/ "Actual 360"/ "30/360"/ "360/ 360"/ "Bond Basis"/ "30E/360"/ "Eurobond Basis"/ "30E/360 (ISDA)"/ "Actual/Actual - ICMA"]
	(xx)	Determination Dates:	[[●] in each year/Not Applicable]
16	**Floating Rate Note and Fixed to Floating Rate Note Provisions:**		[Applicable/Not Applicable/Applicable for the period from and including the Fixed Rate End Date to, but excluding, [●]]
	(i)	Interest Period(s):	[●]
	(ii)	Interest Payment Dates:	[●]
	(iii)	Interest Period Date:	[Not Applicable]/[●] in each year [,subject to adjustment in accordance with the Business Day Convention set out below]/[, not subject to adjustment]
	(iv)	Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable]
	(v)	Additional Business Centre(s):	[●]
	(vi)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
	(vii)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Issuing and Paying Agent):	[●]
	(viii)	Screen Rate Determination:	[Offered quotation/Arithmetic mean of offered quotations]
		Reference Rate:	[●] month [LIBOR/EURIBOR]
		Interest Determination Date(s):	[●]
		Relevant Screen Page:	[●]
	(ix)	ISDA Determination	
		– Floating Rate Option:	[●]

		– Designated Maturity:	[●]
		– Reset Date:	[●]
	(x)	Linear Interpolation:	Not Applicable/Applicable – the Rate of Interest for the [long/short][first/last] Interest Period shall be calculated using Linear Interpolation (specify for each short or long interest period)]
	(xi)	Margin(s):	[+/-][●] per cent. per annum
	(xii)	Minimum Rate of Interest:	[●] per cent. per annum
	(xiii)	Maximum Rate of Interest:	[●] per cent. per annum
	(xiv)	Day Count Fraction:	["Actual/Actual" / "Actual/Actual - ISDA"/ "Actual/365 (Fixed)"/ "Actual/365 (Sterling)"/ "Actual 360"/ "30/360"/ "360/ 360"/ "Bond Basis"/ "30E/360"/ "Eurobond Basis"/ "30E/360 (ISDA)"/ "Actual/Actual - ICMA"]
17	**Optional Interest Payment Date**		[Applicable/Not Applicable]
PROVISIONS RELATING TO REDEMPTION			
18	**Capital Replacement End Date:**		[●]
19	**Call Option:**		[Applicable/Not Applicable]
	(i)	Optional Redemption Date(s):	[●]
	(ii)	Optional Redemption Amount(s) of each Note:	[●] per Calculation Amount
	(iii)	Notice period:	[●]
20	**Ratings Methodology Call:**		[Applicable/Not Applicable.]
21	**Final Redemption Amount of each Note:**		[[●] per Calculation Amount]/[Not Applicable]
22	**Special Redemption Price:**		
	(i)	in respect of a Capital Disqualification Event redemption:	[●] per Calculation Amount
	(ii)	in respect of a redemption for taxation reasons	[●] per Calculation Amount
	(iii)	in respect of a Ratings Methodology Event redemption:	[●] per Calculation Amount
GENERAL PROVISIONS APPLICABLE TO THE NOTES			
23	**Relevant Benchmark[s]**		[[specify benchmark] is provided by [administrator legal name]][repeat as necessary]. As at the date hereof, [[administrator legal name][appears]/[does not appear]][repeat as necessary] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (Register of administrators and benchmarks) of the Benchmark Regulation]/[As far as the Issuer is aware, as at the date hereof, [specify benchmark] does not fall within the scope of the Benchmark Regulation]/[Not Applicable]

24	**Form of Notes:**	**[Bearer Notes:** [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note] [Temporary Global Note exchangeable for Definitive Notes on [●]days' notice] [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]] **[Registered Notes:** [Regulation S Global Note (U.S.$/€[●] nominal amount) registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the NSS)]]
25	**Global Certificates (Registered Notes):**	[Yes] [No]
26	**Additional Financial Centre(s) or other special provisions relating to Payment Dates:**	[Not Applicable/[●]]
27	**Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):**	[Yes] [No] [As the Notes have more than 27 Coupons, Talons will be attached.]

DISTRIBUTION

28	**U.S. selling restrictions:**	[Reg. S Compliance Category 2; TEFRA C/TEFRA D/TEFRA Not Applicable]
29	**Additional selling restrictions:**	[Not Applicable]

Signed on behalf of the Issuer:

By:

Duly authorised

PART B — OTHER INFORMATION

1 **LISTING**

(i)	Listing:	[[●]/None]
(ii)	Admission to trading:	[Application has been made for the Notes to be admitted to trading on [●] with effect from [●].] [Not Applicable]
(iii)	Estimate of total expenses related to admission to trading:	[●]

2 **RATINGS**

Ratings:	The Notes to be issued [[have been]/[are expected to be]] rated: [Fitch Ratings: [●]] [S&P: [●]] [Moody's: [●]] [[●] [is/is not] established in the [UK/European Economic Area] and [is/is not] registered under Regulation (EU) No 1060/2009, as amended] [*If ratings assigned/to be assigned to the Notes are set out, include here a brief explanation of the meaning of such ratings*]

3 **[REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

(i)	Reasons for the offer and use of proceeds:	[●]
(ii)	Estimated net proceeds:	[●]
(iii)	Estimated total expenses:	[●]

4 **[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]**

[[●]/ "Save as discussed in ["*Subscription and Sale*"], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."]

5 **[Fixed Rate Notes only - YIELD**

Indication of yield:	[●] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

6 **OPERATIONAL INFORMATION**

ISIN Code:	[●]
Common Code:	[●]
CFI Code:	[See/[[include code], as updated, as set out on] the website of the Association of National Numbering Agencies ("**ANNA**") or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]

FISN Code:	[See/[[include code], as updated, as set out on] the website of the Association of National Numbering Agencies ("**ANNA**") or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking SA and the relevant identification number(s):	[Not Applicable/[●]]
Names and addresses of additional Paying Agent(s) (if any):	[●]
Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,][include this text for registered notes] and does not necessarily mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] / [No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,][include this text for registered notes]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

GENERAL INFORMATION

(1) It is expected that each Tranche of Notes which is to be admitted to listing on the Official List and to trading on the Market will be admitted separately as and when issued, subject only to the issue of a Global Note or Notes initially representing the Notes of such Tranche. The acceptance of the Programme on the Official List in respect of Notes issued under the Programme for a period of 12 months from the date of this Prospectus is expected to be granted on or around 29 September 2020. Transactions on the London Stock Exchange will normally be effected for delivery on the third working day after the day of the transaction. If a Series of Notes will be unlisted, or listed on another exchange, the specific terms relating to such Series of Notes will be contained in a Pricing Supplement.

(2) The Issuer has obtained all necessary consents, approvals and authorisations in connection with the establishment and update of the Programme. The establishment of the Programme was authorised by a resolution of the Board of Directors of the Issuer passed on 2 May 2019. The update of the Programme was authorised by a resolution of the Board of Directors of the Issuer passed on 15 May 2020. The increase in the Programme size from £3,000,000,000 to £5,000,000,000 was authorised by a resolution of the Board of Directors of the Issuer passed on 15 May 2020.

(3) Save for the completion of the ReAssure Acquisition as described in the section entitled "*Information on the Group – Recent Developments*", since 30 June 2020, there has been no significant change in the financial position or financial performance of the Issuer and its subsidiaries.

(4) Since 31 December 2019, there has been no material adverse change in the prospects of the Issuer and its subsidiaries.

(5) There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Prospectus which may have or have had in the recent past significant effects on the financial position or profitability of the Issuer or the Group.

(6) Each Bearer Note having a maturity of more than one year, Coupon and Talon will bear the following legend: "Any U.S. person who holds this obligation will be subject to limitations under the U.S. income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".

(7) Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems. The Common Code, the International Securities Identification Number ("**ISIN**"), the Classification of Financial Instruments ("**CFI**") and the Financial Instrument Short Name ("**FISN**") and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the applicable Final Terms. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg. The address of any alternative clearing system will be specified in the applicable Final Terms.

(8) The issue price and the amount of the relevant Notes will be determined, before filing of the relevant Final Terms of each Tranche, based on then prevailing market conditions. Unless otherwise stated in the relevant Final Terms, the Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.

(9) For so long as Notes may be issued pursuant to this Prospectus, the following documents will be available, during usual business hours and upon reasonable notice on any weekday (Saturdays, Sundays and public holidays excepted), for inspection at the specified office of each of the Paying Agents and on the website of the Issuer (at www.thephoenixgroup.com):

(i) the Trust Deed (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons and the Talons);

(ii) the Memorandum and Articles of Association of the Issuer;

(iii) each set of Final Terms for Notes that are listed on the Official List and admitted to trading on the Market;

(iv) a copy of this Prospectus together with any Supplement to this Prospectus or further Prospectus and any documents incorporated by reference into this Prospectus (as set out in items (i) to (xiv) in "*Documents Incorporated by Reference*") or any Supplement to this Prospectus; and

(v) all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the Issuer's request and any part of which is included or referred to in this Prospectus.

(10) Ernst & Young LLP of 1 More London Place, London, SE1 2AF, United Kingdom, which is a member of the Institute of Chartered Accountants in England and Wales ("**ICAEW**") and is registered to carry on audit work by the ICAEW, have audited and rendered an unqualified audit report on the consolidated financial statements of the Group (excluding the ReAssure Group) for the years ended 31 December 2018 and 31 December 2019 and have conducted a review of the financial statements for the six month period ended 30 June 2020 contained in the half yearly financial report of the Group (excluding the ReAssure Group).

(11) PricewaterhouseCoopers LLP of 1 Embankment Place, London WC2N 6RH, United Kingdom, which is a member of the ICAEW and is registered to carry on audit work by the ICAEW, have audited and rendered unqualified audit reports on the ReAssure Group Historical Financial Information for the three years ended 31 December 2018 and the consolidated financial statements of the ReAssure Group for the year ended 31 December 2019.

(12) The Arranger has engaged and certain of the Dealers and their affiliates may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to, the Issuer and/or its affiliates in the ordinary course of business.

(13) The Arranger, any Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

(14) In addition, in the ordinary course of their business activities, the Arranger, any Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. The Arranger, any Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, the Arranger, any such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Arranger, the Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

(15) The website of the Issuer is www.thephoenixgroup.com. The information on www.thephoenixgroup.com does not form part of this Prospectus, except where that information has been incorporated by reference into this Prospectus.

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