

OPERATIONAL INFORMATION DOCUMENT

This Operational Information Document relates to the Final Terms dated 1 October, 2018 in respect of the issue by Prudential plc of USD 500,000,000 6.500 per cent. Resettable Dated Tier 2 Notes due 20 October, 2048 (the “Notes”) under its £10,000,000,000 Medium Term Note Programme.

**Notification under Section 309B(1) of Securities and Futures Act (Chapter 289) of Singapore (the “SFA”):** In connection with Section 309B of the SFA, the Notes are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) 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).

# PRUDENTIAL PLC

£10,000,000,000

Medium Term Note Programme

Series No: 38

Tranche No: 1

USD 500,000,000 6.500 per cent. Resettable Dated Tier 2 Notes due 20 October, 2048

Issued by

## PRUDENTIAL PLC

(LEI: 5493001Z3ZE83NGK8Y12)

Issue Price: 100 per cent.

The date of the Final Terms is 1 October, 2018.

## PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated 12 June, 2018 (the “**Prospectus**”) as supplemented by the supplement to it dated 17 September, 2018 which together constitute a base prospectus for the purposes of Directive 2003/71/EC (as amended) (the “**Prospectus Directive**”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the 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. A summary of the Notes (which comprises the summary in the Prospectus as amended to reflect the provisions of these Final Terms) is annexed to these Final Terms. The Prospectus and the supplement have been published on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html> and copies may be obtained during normal business hours, free of charge, from the registered office of the Issuer and the specified office of the Issue and Paying Agent for the time being in London.

**PROHIBITION OF SALES TO EEA 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 European Economic Area (“**EEA**”). 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**”); (ii) a customer within the meaning of Directive 2002/92/EC (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 the Prospectus Directive. 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 has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**MiFID II product governance / Professional investors and eligible counterparties only target market** – Solely for the purposes of each manufacturer’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 MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturers’ 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 manufacturers’ target market assessment) and determining appropriate distribution channels.

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|----|------|-----------------|----|
| 1. | (i)  | Series Number:  | 38 |
|    | (ii) | Tranche Number: | 1  |

	(iii)	Date on which the Notes will be consolidated and form a single Series:	Not Applicable
2.		Specified Currency:	United States Dollars (“USD”)
3.		Aggregate Nominal Amount of Notes	
		- Tranche:	USD 500,000,000
		- Series:	USD 500,000,000
4.		Issue Price of Tranche:	100 per cent. of the Aggregate Nominal Amount
5.	(i)	Specified Denomination(s):	USD 200,000 and integral multiples of USD 1,000 in excess thereof up to and including USD 399,000. No Notes in definitive form will be issued with a denomination above USD 399,000
	(ii)	Calculation Amount:	USD 1,000
6.	(i)	Issue Date and Interest Commencement Date:	3 October, 2018
	(ii)	Interest Commencement Date (if different from the Issue Date):	Not Applicable
7.		Maturity Date (to be no earlier than the tenth anniversary of the Issue Date):	20 October, 2048
8.		Interest Basis:	6.500 per cent. Fixed Rate until 20 October, 2028, then calculated in accordance with paragraph 14 below
9.		Redemption/Payment Basis:	Redemption at par
10.		Change of Interest Basis or Redemption/Payment Basis:	Fixed Rate Reset Notes
11.		Call/Substitution Options:	Issuer Call Issuer Optional Substitution

12.	(i)	Status of the Notes:	Dated Tier 2 Notes
	(ii)	Date of Board/Committee approval for issuance of Notes obtained:	28 February, 2013 and 13 September, 2018 respectively

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13.		Fixed Rate Note Provisions	Not Applicable
14.		Reset Note Provisions:	Applicable
	(i)	Initial Rate of Interest:	6.500 per cent. per annum payable in arrear on each Interest Payment Date
	(ii)	Interest Payment Date(s):	20 April and 20 October in each year up to and including the Maturity Date, from and including 20 April, 2019
	(iii)	Day Count Fraction:	30/360
	(iv)	Determination Date(s):	Not Applicable
	(v)	Reset Date(s):	20 October, 2028 and each corresponding day and month falling every five years thereafter
	(vi)	Subsequent Reset Reference Rate(s) and Relevant Financial Centre:	Subsequent Reset Reference Rate: Reference Bond (UST 2.875 per cent. due August 2028)  Relevant Financial Centre: New York City
	(vii)	Reset Margin:	4.414 per cent. per annum, being the sum of 3.414 per cent. per annum (the “ <b>Initial Margin</b> ”) and 1.00 per cent. per annum (the “ <b>Step-Up Margin</b> ”)
	(viii)	Subsequent Reset Rate Screen Page:	Not Applicable
	(ix)	Mid Swap Maturity:	Not Applicable
	(x)	Reset Determination Date:	2 Business Days prior to each Reset Date
	(xi)	Subsequent Reset Rate Time:	Not Applicable

	(xii)	Mid Swap Benchmark Rate Replacement:	Not Applicable
	(xiii)	Deferral of Interest:	Optional Interest Deferral
	(xiv)	Dividend and Capital Restriction:	Applicable
15.		Floating Rate Note Provisions:	Not Applicable
16.		Step-Up Rate of Interest:	Applicable from and including 20 October, 2028 to but excluding the Maturity Date
	(i)	Rate of Interest/Margin:	See paragraph 14 above
	(ii)	Method of determination of Rate of Interest:	Reset Rate calculated in accordance with paragraph 14 above
	(iii)	Reset Date:	Not Applicable - see paragraph 14 above

#### **PROVISIONS RELATING TO REDEMPTION**

17.	(a)	Issuer Call:	Applicable
	(i)	Optional Redemption Date(s):	20 October, 2028 and each Interest Payment Date thereafter
	(ii)	Optional Redemption Amount(s):	USD 1,000 per Calculation Amount
	(iii)	If redemption in part:	Not Applicable
	(b)	Tax Event Redemption:	Not Applicable
	(c)	Tax Event Redemption and Refinancing Option:	Applicable
	(d)	Regulatory Event Redemption:	Not Applicable
	(e)	Regulatory Event Redemption and Regulatory Event Refinancing Option:	Applicable
	(f)	Rating Event Redemption:	Applicable
18.		Final Redemption Amount:	USD 1,000 per Calculation Amount

19. Early Redemption Amount(s) USD 1,000 per Calculation Amount payable on redemption for taxation reasons (where applicable) or on event of default:

20. Make Whole Redemption Price: Not Applicable

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

21. Form of Notes:

(i) Form:

**Bearer Notes:**

Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon an Exchange Event

(ii) New Global Note:

No

22. Additional Financial Centre(s): Not Applicable

23. Talons for future Coupons to be attached to Definitive Notes: Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made

Signed on behalf of the Issuer  
By:

*Duly Authorised*



**Elisabeth Wenusch**

## **PART B – OTHER INFORMATION**

### **1. LISTING AND ADMISSION TO TRADING**

- |      |  |   |
|------|--|---|
| (i)  | Listing and admission to trading:                            | Application has been made by the Issuer (or on its behalf) for the Notes to be listed on the Official List of the UK Listing Authority and admitted to trading on the London Stock Exchange's Regulated Market with effect from 3 October, 2018 |
| (ii) | Estimate of total expenses relating to admission to trading: | £4,500  |

### **2. RATINGS**

The Notes to be issued have been assigned the following ratings:

BBB by Standard & Poor's Credit Market Services Europe Limited  
A3 by Moody's Investors Service Ltd  
BBB by Fitch Ratings Limited

### **3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

Save for any fees payable to the Joint Lead Managers, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.

### **4. YIELD**

Indication of yield:	6.499 per cent. per annum up to the First Reset Date. The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield
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### **5. BENCHMARKS REGULATION**

Not Applicable

### **6. OPERATIONAL INFORMATION**

ISIN Code:	XS1888930150
Common Code:	188893015

FISN: PRUDENTIAL PLC/1EMTN 20481020

CFI Code: DTFXFB

Any clearing system (s) other than DTC, Euroclear and Clearstream, Luxembourg (together with the address of each such clearing system) and the relevant identification number(s): Not Applicable

Names and addresses of additional Paying Agent(s) (if any): Not Applicable

7. **THIRD PARTY INFORMATION**

Not Applicable

8. **GENERAL**

Applicable TEFRA exemption: D Rules

144A Eligible: Not 144A Eligible

Prohibition of Sales to EEA Retail Investors: Applicable

Notes intended to be Qualifying Debt Securities for the purposes of the Income Tax Act, Chapter 134 of Singapore: No

## ANNEX TO THE FINAL TERMS – SUMMARY OF THE ISSUE

Summaries are made up of disclosure requirements known as “**Elements**”. These Elements are numbered in Sections A – E (A.1 – E.7). This summary contains all the Elements required to be included in a summary for the Notes and the Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in a summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element should be included in the summary explaining why it is not applicable.

Section A – Introduction and Warnings	
Element	
A.1	<ul style="list-style-type: none"><li>• This summary should be read as an introduction to the Prospectus and the applicable Final Terms.</li><li>• Any decision to invest in the Notes should be based on consideration of the Prospectus as a whole, including any documents incorporated by reference and the applicable Final Terms.</li><li>• Where a claim relating to the information contained in the Prospectus and the applicable Final Terms is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.</li><li>• Civil liability attaches to the Issuer solely on the basis of this summary, including any translation of it, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus and the applicable Final Terms or following the implementation of the relevant provisions of Directive 2010/73/EU in the relevant Member State, it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Notes.</li></ul>
A.2	<p>Not Applicable: certain Tranches of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) may be offered but only in circumstances where there is an exemption from the obligation under the Prospectus Directive to publish a prospectus in relation to the relevant offer.</p> <p><b><i>Issue specific summary:</i></b></p> <p>Not Applicable; the Notes are issued in denominations of at least €100,000 (or its equivalent in any other currency).</p>

Section B – Issuer		
Element	Title	
B.1	Legal and commercial name of the Issuer	Prudential plc.
B.2	Domicile and legal form of the Issuer, legislation under which the Issuer operates and country of incorporation	The Issuer was incorporated in England and Wales as a private company limited by shares on 1 November, 1978 and re-registered as a public company limited by shares under the Companies Acts 1948 to 1980 on 20 January, 1982. On 1 October, 1999, it changed its name to Prudential public limited company.
B.4b	Known trends affecting the Issuer and its industry	Not Applicable. There are no particular trends indicated by Prudential.
B.5	Description of the Group and the Issuer's position within the Group	<p>The Issuer is the holding company of all the companies in the Prudential group (the “<b>Prudential Group</b>” or the “<b>Group</b>”) and its assets substantially comprise shares in and loans advanced to such companies. It does not conduct any other business and is accordingly dependent on the other members of the Prudential Group and revenues received from them.</p> <p>The Prudential Group is an international financial services group with operations in Asia, the United States, the United Kingdom and Europe and Africa.</p>
B.8	Selected key pro forma financial information	<p><b><u>31 December, 2017</u></b></p> <p>Selected pro forma financial information which illustrates the effect of the sale of the UK annuity portfolio and the transfer of Prudential's Hong Kong subsidiaries to Asia (each as described below) on the estimated shareholder Solvency II capital position of the Group and of The Prudential Assurance Company Limited as if each of the transactions had taken place on 31 December, 2017 and in a manner consistent with the methodology adopted by the Group and The Prudential Assurance Company Limited in calculating their Solvency II capital positions at 31 December, 2017 is presented below. The unaudited pro forma estimated shareholder Solvency II capital position of the Group and of The Prudential Assurance Company Limited have been prepared on the basis of, and should be read in conjunction with, their respective notes set out below.</p> <p>The unaudited pro forma estimated shareholder Solvency II capital position of the Group and of The Prudential Assurance Company Limited have been prepared for illustrative purposes only and in accordance with Annex II of Commission Regulation (EC) 809/2004 (the “<b>Prospectus Directive Regulation</b>”). Because of their nature, the unaudited pro forma estimated shareholder Solvency II capital position of the Group and of The Prudential Assurance Company Limited address a hypothetical situation and, therefore, do not represent the actual Solvency II capital position following the transactions. They may not, therefore, give a true picture of the shareholder Solvency II capital position of the Group or of The Prudential Assurance</p>

Company Limited nor are they indicative of the capital position that may, or may not, be expected to be achieved in the future.

### Unaudited pro forma Group shareholder Solvency II capital position

The pro forma impact on the Group shareholder Solvency II capital position, assuming that the sale of the UK annuity portfolio and the transfer of Prudential's Hong Kong subsidiaries from The Prudential Assurance Company Limited to Prudential Corporation Asia Limited had both been completed as at 31 December, 2017, is provided in the table below.

31 December, 2017

Group shareholder Solvency II capital position <sup>(3)(4)</sup>	As reported <sup>(1)</sup>	Adjustments <sup>(2)</sup>	Pro forma
Own Funds (£bn)	26.4	(0.2)	26.2
Solvency Capital Requirement (£bn)	13.1	(0.5)	12.6
Surplus (£bn)	13.3	0.3	13.6
Ratio (%)	202	6	208

### Notes

(1) Information on shareholder Solvency II capital position as at 31 December, 2017 of the Group has been extracted without material adjustment from the "Additional unaudited financial information" set out in the Annual Report and Accounts 2017.

(2) The adjustments as shown in the table above, resulting in an increase in surplus of £0.3 billion and an increase in the shareholder solvency ratio of 6 percentage points, represent the impact on the Group's shareholder Solvency II capital position assuming that the partial sale of the UK annuity portfolio had been completed as at 31 December, 2017. This includes a £0.5 billion reduction in the Solvency Capital Requirement ("SCR"), and a £0.2 billion decrease in Own Funds, due to the impact of the sale of the portfolio to Rothesay Life and the consequential reduction in risk. This position has been calculated based on the information and assumptions at 31 December, 2017 and therefore, does not necessarily represent the actual Solvency II capital position following the transaction. The transfer of Prudential plc's Hong Kong subsidiaries from The Prudential Assurance Company Limited to Prudential Corporation Asia Limited has no impact on the Group Solvency II position as this is an intra-group transfer and the Own Funds and SCR of the Hong Kong subsidiaries are already included within the Group Solvency II capital position. The impacts above have been calculated based on information used to calculate the Group Solvency II capital position at 31 December, 2017. They have been prepared in a manner consistent with the basis of Solvency II accounting policies which are also summarised in the Group Solvency and Financial Condition Report at 31 December, 2017.

(3) No account has been taken of (i) any trading or other changes in Solvency II capital position of the Group after 31 December, 2017, or (ii) any future issuance of Notes under the Programme.

(4) The Group shareholder Solvency II capital position has been prepared in accordance with the requirements of the Solvency II framework, under the methodology of the Group's Solvency II accounting policies. The Group shareholder capital position excludes the contribution to Own Funds and the Solvency Capital Requirement from ring-fenced with-profit funds and staff pension schemes in surplus. The UK transitional measures included in the calculation of the solvency positions reflect operating and market conditions at each valuation date. An application to recalculate the transitional measures as at 31 December, 2017 was approved by the Prudential Regulation Authority. The Group is currently required to publish an annual Solvency & Financial Condition Report and related templates. These templates combine the shareholder solvency position of the Group with those of its ring-fenced funds. In combining these solvency positions, the contribution to own funds from these ring-fenced

funds will be set equal to their aggregate Solvency Capital Requirements. There is no impact on surplus.

### **Unaudited pro forma The Prudential Assurance Company Limited shareholder Solvency II capital position**

The pro forma impact on the shareholder Solvency II capital position of the UK regulated insurance entity, The Prudential Assurance Company Limited, assuming that the sale of the UK annuity portfolio and the transfer of Prudential's Hong Kong subsidiaries from The Prudential Assurance Company Limited to Prudential Corporation Asia Limited had both been completed as at 31 December, 2017 is provided in the table below. This pro forma solvency position reflects the reduced risk exposures in the UK insurance entity after the partial annuity sale and Hong Kong transfer.

**31 December, 2017**

<b>The Prudential Assurance Company Limited's shareholder Solvency II capital position<sup>(3)(4)</sup></b>	<b>As reported<sup>(1)</sup></b>	<b>Adjustments<sup>(2)</sup></b>	<b>Pro forma</b>
Own Funds (£bn)	14.0	(5.5)	8.5
Solvency Capital Requirement (£bn)	7.9	(2.2)	5.7
Surplus (£bn)	6.1	(3.3)	2.8
Ratio (%)	178	(28)	150

### **Notes**

(1) Information on shareholder Solvency II capital position as at 31 December, 2017 of The Prudential Assurance Company Limited has been extracted without material adjustment from the "Additional unaudited financial information" set out in the Annual Report and Accounts 2017.

(2) The adjustments as shown in the table above, resulting in a decrease in surplus of £3.3 billion and a decrease in the shareholder solvency ratio of 28 percentage points, represent the impact on The Prudential Assurance Company Limited's shareholder Solvency II capital position assuming that the partial sale of the UK annuity portfolio and the transfer of Prudential plc's Hong Kong subsidiaries from The Prudential Assurance Company Limited to Prudential Corporation Asia Limited had both been completed on 31 December, 2017. This position has been calculated based on the information and assumptions at 31 December, 2017 and therefore, does not necessarily represent the actual Solvency II capital position following the transactions. In relation to the sale of the UK annuity portfolio, this impact includes a £1.3 billion reduction in the SCR and a £0.2 billion decrease in Own Funds due to the impact of the sale of the portfolio to Rothesay Life and the consequential reduction in risk, resulting in an increase in capital surplus of £1.1 billion, of which £0.6 billion is expected to be recognised in the UK capital position as at 30 June, 2018 under the reinsurance agreement. The balance of the adjustments relates to the impact of the transfer of Prudential plc's Hong Kong subsidiaries from The Prudential Assurance Company Limited to Prudential Corporation Asia Limited. In particular, the impact of the Hong Kong transfer on the SCR allows for the release of the Hong Kong business standalone SCR of £2.0 billion, partially offset by the removal of diversification benefits between UK and Hong Kong of £1.1 billion. The adjustment to Own Funds of £5.3 billion in respect of the Hong Kong transfer represents the value of the shareholder Own Funds of the Hong Kong business at 31 December, 2017. The impacts above have been calculated in a manner consistent with the basis of Solvency II accounting policies which are also summarised in the Solvency and Financial Condition Report at 31 December, 2017 for The Prudential Assurance Company Limited.

(3) No account has been taken of (i) any trading or other changes in Solvency II capital position of The Prudential Assurance Company Limited after 31 December, 2017, or (ii) any future issuance of Notes under the Programme.

(4) The Prudential Assurance Company Limited shareholder Solvency II capital position has been prepared in accordance with the requirements of the Solvency II framework, under the methodology of The Prudential Assurance Company Limited's Solvency II accounting policies. The Prudential Assurance Company

		<p>Limited shareholder capital position excludes the contribution to Own Funds and the Solvency Capital Requirement from ring-fenced with-profit funds and staff pension schemes in surplus. The UK transitional measures included in the calculation of solvency positions reflect operating and market conditions at each valuation date. An application to recalculate the transitional measures as at 31 December, 2017 was approved by the Prudential Regulation Authority. The Prudential Assurance Company Limited is required to publish an annual Solvency &amp; Financial Condition Report and related templates. These templates combine the shareholder solvency position of The Prudential Assurance Company Limited with those of its ring-fenced funds. In combining these solvency positions, the contribution to own funds from these ring-fenced funds will be set equal to their aggregate Solvency Capital Requirements. There is no impact on surplus.</p> <p><b><u>30 June, 2018</u></b></p> <p>The unaudited pro forma shareholder Solvency II capital position of The Prudential Assurance Company Limited set out below has been prepared to illustrate the effect of the Part VII transfer of the UK annuity portfolio to Rothesay Life and the transfer of Prudential's Hong Kong subsidiaries from The Prudential Assurance Company Limited to Prudential Corporation Asia Limited (each as described in the Prospectus) on the shareholder Solvency II capital position of The Prudential Assurance Company Limited as if each of the transactions had taken place on 30 June, 2018 and in a manner consistent with the basis of Solvency II reporting of The Prudential Assurance Company Limited at 30 June, 2018 (the "<b>Solvency II Accounting Policies</b>"). The unaudited pro forma shareholder Solvency II capital position of The Prudential Assurance Company Limited has been prepared on the basis of, and should be read in conjunction with, the notes set out below.</p> <p>The unaudited pro forma shareholder Solvency II capital position of The Prudential Assurance Company Limited has been prepared for illustrative purposes only and in accordance with Annex II of the Prospectus Directive Regulation. Because of its nature, the unaudited pro forma shareholder Solvency II capital position of The Prudential Assurance Company Limited addresses a hypothetical situation and, therefore, does not represent the actual Solvency II capital position following the transactions. It may not, therefore, give a true picture of the shareholder Solvency II capital position of The Prudential Assurance Company Limited, nor is it indicative of the capital position that may, or may not, be expected to be achieved in the future.</p> <p>The pro forma impact on the shareholder Solvency II capital position of the UK regulated insurance entity, The Prudential Assurance Company Limited, assuming that the Part VII transfer of the UK annuity portfolio to Rothesay Life and the transfer of Prudential's Hong Kong subsidiaries from The Prudential Assurance Company Limited to Prudential Corporation Asia Limited had both been completed as at 30 June, 2018, is provided in the table below.</p>
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		30 Jun 2018		
		<b>The Prudential Assurance Company Limited's shareholder Solvency II capital position<sup>3,4</sup></b>		
		<b>As reported<sup>1</sup></b>	<b>Adjustments<sup>2</sup></b>	<b>Pro Forma</b>
Own funds (£bn)		14.7	(6.1)	8.6
Solvency capital requirement (£bn)		7.2	(1.6)	5.6
<b>Surplus (£bn)</b>		<b>7.5</b>	<b>(4.5)</b>	<b>3.0</b>
Ratio (%)		203%	(50)%	153%
		<b>Notes</b> (1) Information on shareholder Solvency II capital position as at 30 June, 2018 of The Prudential Assurance Company Limited has been extracted without material adjustment from the "Additional IFRS financial information" set out in the Issuer's 2018 Half Year Results.  (2) The adjustments as shown in the table above, which result in a decrease in surplus of £4.5 billion, represent the estimated impact on The Prudential Assurance Company Limited's shareholder Solvency II capital position from the transfer of Prudential plc's Hong Kong subsidiaries to Prudential Corporation Asia Limited, and completion of the partial sale of the UK annuity portfolio by a Part VII transfer, as if both had been completed on 30 June, 2018. The resulting pro forma position has been calculated based on information and assumptions at 30 June, 2018 and therefore, does not necessarily represent the actual Solvency II capital position which will result following completion of the transactions. The adjustments include the following effects: <ul style="list-style-type: none"> <li>– An adjustment to Own Funds of £6.1 billion to remove the value of the shareholder Own Funds of the Hong Kong business at 30 June, 2018;</li> <li>– A reduction in SCR of £1.1 billion being the release of the Hong Kong business standalone SCR of £2.0 billion, partially offset by removal of diversification benefits between UK and Hong Kong of £0.9 billion; and</li> <li>– A reduction in SCR of £0.5 billion representing the estimated remaining capital benefit from completion of the partial sale of the UK annuity portfolio by a Part VII transfer to Rothesay Life.</li> </ul> (3) No account has been taken of any trading or other changes in the Solvency II capital position of The Prudential Assurance Company Limited after 30 June, 2018. (4) The Prudential Assurance Company Limited shareholder Solvency II capital position has been prepared in accordance with the requirements of the Solvency II framework, under the methodology of The Prudential Assurance Company Limited's Solvency II accounting policies. The Prudential Assurance Company Limited shareholder capital position excludes the contribution to Own Funds and the Solvency Capital Requirement from ring-fenced with-profit funds and staff pension schemes in surplus. The UK transitional measures included in the calculation of solvency positions reflect operating and market conditions at each valuation date. An application to recalculate the transitional measures as at 31 March, 2018 was approved by the Prudential Regulation Authority. The Prudential Assurance Company Limited is required to publish an annual Solvency & Financial Condition Report and related templates. These templates combine the shareholder solvency position of The Prudential Assurance Company Limited with those of its ring-fenced funds. In combining these solvency positions, the contribution to own funds from these ring-fenced funds will be set equal to their aggregate Solvency Capital Requirements. There is no impact on surplus.		
<b>B.9</b>	Where a profit forecast or estimate is made, state the figure	Not Applicable. The Issuer has not made any profit forecasts or estimates in the Prospectus.		
<b>B.10</b>	Any qualifications in the audit report	Not Applicable. There are no qualifications in the audit reports to the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December, 2016 or the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December, 2017.		

B.12	Selected historical key financial information regarding the Issuer plus a statement that there has been no material adverse change in the prospects of the Issuer since the date of its last audited financial statements or a description of any material adverse change and a description of significant changes in the financial or trading position subsequent to the period covered by the historical financial information	The following tables present the profit and loss account and balance sheet data for and as at the six months ended 30 June, 2017 and 30 June, 2018 and the years ended 31 December, 2016 and 31 December, 2017. The information has been derived from the Issuer's unaudited consolidated half year financial statements and the Issuer's audited consolidated financial statements audited by KPMG LLP.																																																													
		<table><tr><th rowspan="2">Unaudited Consolidated Half Year Financial Statements</th><th colspan="2">Half Year ended 30 June</th></tr><tr><th>2018</th><th>2017</th></tr><tr><td></td><td colspan="2">£ million (unless otherwise stated)</td></tr><tr><td colspan="3">Statutory IFRS basis results</td></tr><tr><td>Profit for the period .....</td><td>1,356</td><td>1,505</td></tr><tr><td colspan="3">Attributable to:</td></tr><tr><td>Equity holders of the Issuer .....</td><td>1,355</td><td>1,505</td></tr><tr><td>Non-controlling interests .....</td><td>1</td><td>-</td></tr><tr><td colspan="3">Supplementary IFRS basis information</td></tr><tr><td>Operating profit based on longer-term investment returns .....</td><td>2,405</td><td>2,358</td></tr><tr><td>Short-term fluctuations in investment returns on shareholder-backed business .....</td><td>(113)</td><td>(573)</td></tr><tr><td>Amortisation of acquisition accounting adjustments .....</td><td>(22)</td><td>(32)</td></tr><tr><td>(Loss) gain on disposal of businesses and corporate transactions .....</td><td>(570)</td><td>61</td></tr><tr><td>Profit before tax attributable to shareholders.....</td><td>1,700</td><td>1,814</td></tr><tr><td>Tax charge attributable to shareholders' returns.....</td><td>(344)</td><td>(309)</td></tr><tr><td>Profit for the period .....</td><td>1,356</td><td>1,505</td></tr><tr><td colspan="3"> </td></tr><tr><td>Operating earnings per share (reflecting operating profit based on longer-term investment returns).....</td><td>76.8p</td><td>70.0p</td></tr><tr><td colspan="3">Dividends per share paid in reporting period:</td></tr><tr><td>Second interim ordinary dividend for prior year .....</td><td>32.50p</td><td>30.57p</td></tr><tr><td>Dividends per share relating to reporting period.....</td><td>15.67p</td><td>14.50p</td></tr></table>		Unaudited Consolidated Half Year Financial Statements	Half Year ended 30 June		2018	2017		£ million (unless otherwise stated)		Statutory IFRS basis results			Profit for the period .....	1,356	1,505	Attributable to:			Equity holders of the Issuer .....	1,355	1,505	Non-controlling interests .....	1	-	Supplementary IFRS basis information			Operating profit based on longer-term investment returns .....	2,405	2,358	Short-term fluctuations in investment returns on shareholder-backed business .....	(113)	(573)	Amortisation of acquisition accounting adjustments .....	(22)	(32)	(Loss) gain on disposal of businesses and corporate transactions .....	(570)	61	Profit before tax attributable to shareholders.....	1,700	1,814	Tax charge attributable to shareholders' returns.....	(344)	(309)	Profit for the period .....	1,356	1,505				Operating earnings per share (reflecting operating profit based on longer-term investment returns).....	76.8p	70.0p	Dividends per share paid in reporting period:			Second interim ordinary dividend for prior year .....	32.50p	30.57p	Dividends per share relating to reporting period.....
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		Funds under management.....	£664.4bn	£638.1bn
		<b>Audited Consolidated Financial Statements*</b>	Year ended 31 December	
			2017	2016
			£ million (unless otherwise stated)	
		<b>Statutory IFRS basis results</b>		
		Gross premiums earned .....	44,005	38,981
		Outward reinsurance premiums.....	(2,062)	(2,020)
		Earned premiums, net of reinsurance .....	41,943	36,961
		Investment return .....	42,189	32,511
		Other income.....	2,430	2,370
		Total revenue, net of reinsurance.....	86,562	71,842
		Profit before tax attributable to shareholders.....	3,296	2,275
		Tax charge attributable to shareholders' returns.....	(906)	(354)
		Profit for the year.....	2,390	1,921
		Attributable to:		
		Equity holders of the Issuer .....	2,389	1,921
		Non-controlling interests .....	1	-
		<b>Supplementary IFRS basis information</b>		
		Operating profit based on longer-term investment returns:		
		Asia operations.....	1,975	1,644
		US operations.....	2,224	2,048
		UK and Europe operations.....	1,378	1,253
		Other income and expenditure.....	(775)	(694)
		Restructuring costs.....	(103)	(38)
		Interest received from tax settlement .....	-	43
		Operating profit based on longer-term investment returns....	4,699	4,256
		Short-term fluctuations in investment returns on shareholder-backed business.....	(1,563)	(1,678)
		Amortisation of acquisition accounting adjustments .....	(63)	(76)
		Profit (loss) attaching to the disposal of businesses.....	162	(227)
		Cumulative exchange gain on the sold Korea life business recycled from other comprehensive income.....	61	-
		Profit before tax attributable to shareholders.....	3,296	2,275
		Tax charge attributable to shareholders' returns.....	(906)	(354)
		Profit for the year.....	2,390	1,921
		Operating earnings per share (reflecting operating profit based on longer-term investment return).....	145.2p	131.1p

		<p>* The information has been derived from the Issuer's audited consolidated financial statements audited by KPMG LLP as of 31 December, 2017 and has not been adjusted for re-presentations following the adoption of IFRS 15 in 2018.</p>	
		<p style="text-align: right;"><b>Year ended 31 December</b></p> <p style="text-align: right;"><b>2017                  2016</b></p>	
		Basic earnings per share .....	<b>93.1p                  75.0p</b>
		Shareholders' equity, excluding non-controlling interests ...	<b>£16.1bn              £14.7bn</b>
		Dividends per share relating to reporting period:	
		First interim ordinary dividend .....	<b>14.50p              12.93p</b>
		Second interim ordinary dividend .....	<b>32.50p              30.57p</b>
		Total .....	<b>47.00p              43.50p</b>
		Dividends per share paid in reporting period:	
		Current year first interim ordinary dividend.....	<b>14.50p              12.93p</b>
		Second interim ordinary dividend for prior year .....	<b>30.57p              26.47p</b>
		Special dividend .....	<b>-                      10.00p</b>
		Total .....	<b>45.07p              49.40p</b>
		Funds under management.....	<b>£669.3bn           £602.3bn</b>
		<p>The Issuer prepared the above accounts in accordance with International Financial Reporting Standards ("<b>IFRS</b>") as endorsed by the European Union ("<b>EU</b>").</p> <p><i>Statements of no significant or material adverse change</i></p> <p>There has been no significant change in the financial or trading position of the Issuer and its subsidiaries as a whole since 30 June, 2018.</p> <p>There has been no material adverse change in the prospects of the Issuer and its subsidiaries as a whole since 31 December, 2017.</p>	

<b>B.13</b>	Recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency	Not Applicable. There have been no recent events particular to the Issuer which are to a material extent relevant to an evaluation of the Issuer's solvency.
<b>B.14</b>	Description of the Group and the Issuer's position within the Group plus dependence upon other Group entities	<p>See item B.5 for the Prudential Group and the Issuer's position within the Prudential Group. The Issuer is the holding company of all the companies in the Prudential Group.</p> <p>The Issuer's assets substantially comprise shares in, and loans advanced to, Prudential Group companies. It does not conduct any other business and is accordingly dependent on the other members of the Prudential Group and revenues received from them.</p>
<b>B.15</b>	Issuer's principal activities	<p>The Issuer is the holding company of all the companies in the Prudential Group and was incorporated on 1 November, 1978 under the laws of England and Wales and re-registered as a public company limited by shares on 20 January, 1982.</p> <p>The Prudential Group is an international financial services group, with operations in Asia, the United States, the United Kingdom and Europe and Africa. The Prudential Group is structured around three main business units, which are supported by central functions responsible for strategy, cash and capital management, leadership development and succession, reputation management and other core group functions.</p>
<b>B.16</b>	To the extent known to the Issuer, whether the Issuer is directly or indirectly owned or controlled and by whom and the nature of such control	The Issuer is not aware of any person or persons who does or could, directly or indirectly, jointly or severally, exercise control over the Issuer.
<b>B.17</b>	Credit ratings assigned to the Issuer or its debt securities at the request or with the cooperation of the Issuer in the rating process	<p>The Issuer has a short-term/long-term debt rating of P-1/A2 (stable outlook) by Moody's Investors Service Ltd ("<b>Moody's</b>"), A-1/A (stable outlook) by Standard &amp; Poor's Credit Market Services Europe Limited ("<b>Standard &amp; Poor's</b>") and F1/A- (stable outlook) by Fitch Ratings Limited ("<b>Fitch</b>"). The Programme has been rated (P)A2 (Senior Notes) and (P)A3 (Tier 2 Notes) by Moody's; A (Senior Notes) and BBB+ (Tier 2 Notes) by Standard &amp; Poor's, and A- (Senior Notes) and BBB (subordinated debt) by Fitch.</p> <p>Each of Moody's, Standard &amp; Poor's and Fitch is established in the EU and is registered under the CRA Regulation.</p> <p><b>Issue specific summary:</b></p> <p>The Notes have been rated A3 by Moody's, BBB by Standard &amp; Poor's and BBB by Fitch. A security 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.</p>

Section C - Securities		
Element	Title	
C.1	Description of type and class of the Notes, including any ISIN	<p>The Notes described in this section are debt securities with a denomination of less than €100,000 (or its equivalent in any other currency) or at least €100,000 (or its equivalent in any other currency). The Notes may be Fixed Rate Notes, Floating Rate Notes, Reset Notes, Zero Coupon Notes or a combination of the foregoing.</p> <p><b>Issue specific summary:</b></p> <p>The Notes are USD 500,000,000 6.500 per cent. Resettable Dated Tier 2 Notes due 20 October, 2048. The Notes have a Specified Denomination of USD 200,000 and integral multiples of USD 1,000 in excess thereof up to and including USD 399,000. No Notes in definitive form will be issued with a denomination above USD 399,000. International Securities Identification Number (ISIN): XS1888930150.</p>
C.2	Currency of the Notes	<p>Subject to compliance with all applicable laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealer at the time of issue.</p> <p><b>Issue specific summary:</b></p> <p>The currency of this Series of Notes is US dollars (“<b>USD</b>”).</p>
C.5	Restrictions on the free transferability of the Notes	<p>There are no restrictions on the free transferability of the Notes.</p>
C.8	Description of the rights attached to the Notes, including ranking and limitations to those rights	<p>Notes issued under the Programme will have terms and conditions relating to, among other matters:</p> <p><b>Payments of interest and repayment of principal:</b></p> <p>Other than Zero Coupon Notes, all Notes confer on a holder thereof (a “<b>Holder</b>”) the right to receive interest in respect of each period for which Notes remain outstanding. All Notes confer on a Holder the right to receive repayment of principal on redemption. See below under C.9 for further details.</p> <p><b>Ranking:</b></p> <p><b>Issue specific summary:</b></p> <p>The Tier 2 Notes will constitute direct, unsecured and subordinated obligations of the Issuer and will rank <i>pari passu</i> without preference among themselves. The rights of the Holders of the Tier 2 Notes against the Issuer to payment of any amounts under or arising from the Notes will, in the event of the winding-up of the Issuer, be subordinated to the claims of all Senior Creditors.</p> <p>For these purposes, Senior Creditors means any creditors of the Issuer who are unsubordinated creditors of the Issuer (including all policyholders (and including, for the avoidance of doubt, all policyholder claims)).</p> <p><b>Negative pledge:</b></p>

		<p><b>Issue specific summary:</b></p> <p>The Tier 2 Notes do not contain a negative pledge.</p>
		<p><b>Taxation:</b></p> <p>Payments in respect of all Notes will be made without withholding or deduction of taxes of the United Kingdom, unless the deduction or withholding is required by law. In such an event, the Issuer will, subject to customary exceptions, pay such additional amounts as are necessary in order that the amount received by the Holders after the deduction or withholding shall equal the respective amounts that would have been received in respect of the Notes in the absence of the deduction or withholding. The obligation to pay additional amounts in respect of the Tier 2 Notes applies only in respect of interest payments (and not in respect of any payments of principal).</p> <p><b>Events of Default and Default:</b></p> <p><b>Issue specific summary:</b></p> <p>The sole remedy against the Issuer available to the Trustee on behalf of the Holders of the Tier 2 Notes or, where the Trustee has failed to proceed against the Issuer as provided in the Conditions, any Holders of the Tier 2 Notes, for recovery of amounts owing in respect of the Tier 2 Notes will be the institution of proceedings for the winding-up of the Issuer and/or proving in such winding-up and/or claiming in the liquidation of the Issuer for such amounts.</p>
		<p><b>Meetings:</b></p> <p>The terms of the Notes contain provisions for calling meetings of holders of such Notes to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders, including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority.</p> <p><b>Governing law:</b></p> <p>English law</p>
C.9	Description of the rights attached to the Notes, including nominal interest rate, the date from which interest becomes payable and interest payment dates, description of the underlying (where the rate is not fixed), maturity date, repayment provisions, indication of yield and name of the representative of the holders	<p><b>Interest periods and Rates of Interest:</b></p> <p>Other than Zero Coupon Notes, the length of all interest periods for all Notes and the applicable Rate of Interest or its method of calculation may differ from time to time or be constant for any Series. Other than Zero Coupon Notes, Notes may have a Maximum Rate of Interest, a Minimum Rate of Interest or both.</p> <p><b>Interest:</b></p> <p>Notes may or may not bear interest. Interest-bearing Notes will either bear interest payable at a fixed rate, a floating rate or at a rate which may be reset periodically during the life of the Note.</p> <p><b>Issue specific summary:</b></p> <p>The Tier 2 Notes bear interest (a) from their date of issue to the first Reset Date occurring thereafter at an initial fixed rate</p>

		<p>of 6.500 per cent. per annum; and (b) in respect of each successive five-year period thereafter, at a rate per annum equal to the sum of the Subsequent Reset Reference Rate and a margin of 4.414 per cent., in each case, payable semi-annually in arrear on 20 April and 20 October in each year.</p> <p>Payments of interest under the Tier 2 Notes are conditional on (i) the Issuer satisfying the Solvency Condition both at the time of payment and immediately thereafter and (ii) both the Solvency Capital Requirement and the Minimum Capital Requirement being met both at the time of payment and immediately thereafter.</p> <p><b>Deferral of Interest:</b></p> <p><b><i>Issue specific summary:</i></b></p> <p>Payments of interest under the Tier 2 Notes are conditional upon: (i) the Issuer satisfying the Solvency Condition both at the time of, and immediately after, any such payment; and (ii) unless otherwise permitted by the PRA, both the Solvency Capital Requirement and the Minimum Capital Requirement being met both at the time of, and immediately after, any such payment. In addition, the Issuer may, by giving notice to the Trustee, the Issue and Paying Agent and the Holders of the Notes, elect to defer the payment of interest on the Notes on any Interest Payment Date which is not a Compulsory Interest Payment Date at its sole discretion, provided that the Issuer may not give such notice if, at the time such notice is proposed to be given, a Regulatory Event has occurred and has been subsisting at such time for a continuous period of 180 days or more. Any payments of interest not made for one or more of the reasons set out above will, so long as they remain unpaid, constitute Arrears of Interest. No interest will accrue on Arrears of Interest. At the option of the Issuer, but subject to satisfying the Solvency Condition, the Solvency Capital Requirement and the Minimum Capital Requirement at the time of such payment and immediately thereafter unless otherwise permitted by the PRA, Arrears of Interest may be settled by the Issuer at any time and shall otherwise become payable on redemption of the Tier 2 Notes or, on purchase of the Tier 2 Notes by or on behalf of the Issuer or upon commencement of the winding-up of the Issuer.</p> <p><b>Redemption:</b></p> <p>The terms under which Notes may be redeemed (including, in the case of Senior Notes or dated Tier 2 Notes, the Maturity Date and the price at which they will be redeemed on the Maturity Date as well as any provisions relating to early redemption of the Notes) will be agreed between the Issuer and the relevant Dealer at the time of issue of the relevant Notes. The undated Tier 2 Notes are perpetual securities in respect of which there is no maturity date.</p> <p><b><i>Issue specific summary:</i></b></p> <p>The Tier 2 Notes may, at the Issuer's election, be redeemed early on 20 October, 2028 and each Interest Payment Date thereafter at 100 per cent. of their nominal amount.</p> <p>The Tier 2 Notes may, at the Issuer's election, be redeemed early at 100 per cent. of their nominal amount and the Notes may, at the Issuer's election, be substituted for, or varied so</p>
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		<p>that they are treated as, Qualifying Tier 2 Capital for regulatory or tax reasons.</p> <p>The Tier 2 Notes may, at the Issuer's election be redeemed early at 100 per cent. of their nominal amount upon the occurrence of a Rating Event.</p> <p>The Issuer and its Subsidiaries may at any time purchase Tier 2 Notes at any price in the open market or otherwise.</p> <p>Except as otherwise indicated to the Issuer by the PRA, any redemption, variation, substitution, conversion or purchase is subject to the Issuer having given prior notice to the PRA and, to the extent required by the capital regulations applicable to the Issuer, the PRA having given its prior approval or consented in the form of a waiver or otherwise to such redemption, variation, substitution, conversion or purchase.</p> <p>Any redemption or purchase of the Tier 2 Notes may only be effected if on, and immediately following, the proposed Redemption Date, the Issuer is in compliance with the Regulatory Capital Requirement and the Solvency Condition, the Solvency Capital Requirement and the Minimum Capital Requirement are met and no Insolvent Insurer Winding-up has occurred and is continuing or, in each case, as otherwise permitted by the PRA. The PRA may impose other conditions on any redemption or purchase at the relevant time.</p> <p><b>Representative of holders:</b></p> <p>The Law Debenture Trust Corporation p.l.c. (the "<b>Trustee</b>") will act as trustee for the holders of Notes.</p> <p><b>Indication of yield:</b></p> <p>Indication of yield: 6.499 per cent. per annum up to the First Reset Date. The yield is calculated at the date of issue on the basis of the price of issue. It is not an indication of future yield.</p>
<b>C.10</b>	<p>If the Note has a derivative component in the interest payment, a clear and comprehensive explanation to help investors understand how the value of their investment is affected by the value of the underlying instrument(s), especially under the circumstances when the risks are most evident.</p>	<p>Not Applicable. Payments of interest on the Notes shall not involve any derivative component.</p>
<b>C.11</b>	<p>An indication as to whether the Notes will be the object of an application for admission to trading, with a view to their distribution in a regulated market or other equivalent markets with an</p>	<p><b>Listing:</b></p> <p>Each Series will be admitted to the Official List of the UK Listing Authority (the "<b>UKLA</b>") and admitted to trading on the Main Market of the London Stock Exchange.</p> <p><b>Issue specific summary:</b></p> <p>Application has been made by the Issuer (or on its behalf) for the Notes to be listed on the Official List of the UKLA and</p>

	indication of the markets in question	<p>admitted to trading on the Main Market of the London Stock Exchange with effect from 3 October, 2018.</p> <p><b><i>Distribution:</i></b></p> <p>The Tier 2 Notes are not being offered to the public in any Member State.</p>
<b>C.21</b>	Indication of the market where the Notes will be traded and for which the Prospectus has been published	<p>Each Series will be admitted to the Official List of the UKLA and admitted to trading on the Main Market of the London Stock Exchange.</p> <p><b><i>Issue specific summary:</i></b></p> <p>Application has been made by the Issuer (or on its behalf) for the Notes to be listed on the Official List of the UKLA and admitted to trading on the Main Market of the London Stock Exchange with effect from 3 October, 2018.</p>

Section D – Risks		
Element	Title	
D.2	Key information on the key risks that are specific to the Issuer or its industry	<ul style="list-style-type: none"> <li>The Issuer's businesses are inherently subject to market fluctuations and general economic conditions. Uncertainty, fluctuations or negative trends in international economic and investment climates could have a material impact on the Issuer's business and profitability. In particular, the adverse effect of such factors could be felt principally through: (a) reduced investment returns reducing the Group's capital and impair its ability to write significant volumes of new business, increase the potential adverse impact of product guarantees and/or have a negative impact on its assets under management and profit; (b) higher credit defaults and wider credit and liquidity spreads resulting in realised and unrealised credit losses; (c) failure of counterparties who have transactions with the Group (e.g. banks and reinsurers) to meet commitments; (d) difficulties experienced in estimating the value of financial instruments due to illiquid or closed markets; and (e) increased illiquidity adding to uncertainty over financial resources and the possibility of a reduction in capital resources as valuations decline.</li> <li>As part of the implementation of its business strategies, Prudential has commenced a number of change initiatives across the Group, some of which are interconnected and/or of large scale, that may have financial, operational and reputational implications if such initiatives fail (either wholly or in part) to meet their objectives and could place strain on the operational capacity of the Group. These initiatives include the combination of M&amp;G and Prudential UK &amp; Europe, the proposed demerger of M&amp;G Prudential (Prudential's UK and Europe business) and the intended sale of part of the UK annuity portfolio. Operational execution risks arise from these initiatives, including in relation to the separation and establishment of standalone governance, business functions and processes, third party arrangements and IT systems. In addition, Prudential also relies on a number of outsourcing partners to provide several business operations, including a significant part of its back office and customer-facing operations as well as a number of IT support functions and investment operations, resulting in reliance upon the operational processing performance of its outsourcing partners. The failure of an outsourcing provider could result in significant disruption to business operations and customers.</li> <li>The Issuer is subject to the risk of potential sovereign debt credit deterioration owing to the amounts of sovereign debt obligations held in the Group's investment portfolio. If a sovereign were to default on its obligations, this could have a material adverse effect</li> </ul>

		<p>on the Issuer's financial condition and results of operations.</p> <ul style="list-style-type: none"> <li>The Issuer is subject to the risk of exchange rate fluctuations owing to the geographical diversity of its businesses. The Issuer's operations in the US and Asia, which represent a significant proportion of operating profit based on longer-term investment returns and shareholders' funds, generally write policies and invest in assets denominated in local currency. The impact of gains or losses on currency translations is accounted for in the Group's consolidated financial statements as a component of shareholders' funds within other comprehensive income and, consequently, could impact on the Issuer's gearing ratios.</li> </ul>
		<ul style="list-style-type: none"> <li>The Issuer conducts its businesses subject to regulation and associated regulatory risks, including the effects of changes in the laws, regulations, policies and interpretations and any accounting standards in the markets in which it operates. Changes in government policy and legislation (including in relation to tax), capital control measures on companies and individuals, regulation or regulatory interpretation applying to companies in the financial services and insurance industries in any of the markets in which the Group operates, or decisions taken by regulators in connection with their supervision of members of the Group, which may apply retrospectively, may adversely affect the Group's product range, distribution channels, competitiveness, profitability, capital requirements, risk management approaches, corporate or governance structure and, consequently, reported results and financing requirements. Also, regulators in jurisdictions in which the Group operates may impose requirements affecting the allocation of capital and liquidity between different business units in the Group. Regulators may change the level of capital required to be held by individual businesses or could introduce possible changes in the regulatory framework for pension arrangements and policies, the regulation of selling practices and solvency requirements. Furthermore, as a result of the interventions by governments in light of financial and global economic conditions, there may continue to be changes in governmental regulation and supervision of the financial services industry, including the possibility of higher capital requirements, restrictions on certain types of transactions and enhanced supervisory powers. Recent shifts in the focus of some national governments toward more protectionist or restrictive economic and trade policies could impact the degree and nature of regulatory changes and the Issuer's competitive position in some geographical markets.</li> <li>The Issuer's businesses are conducted in highly competitive environments with developing demographic trends and continued profitability depends upon management's ability to respond to these</li> </ul>

		<p>pressures and trends. The markets for financial services in the UK, US and Asia are highly competitive. In some markets, the Issuer faces competitors that are larger, have greater financial resources or a greater market share, offer a broader range of products or have higher bonus rates. Further, heightened competition for talented and skilled employees and agents with local experience, particularly in Asia, may limit the Issuer's potential to grow its business as quickly as planned.</p>
		<ul style="list-style-type: none"> <li>• Downgrades in the Issuer's financial strength and credit ratings could significantly impact its competitive position and damage its relationships with creditors and trading counterparties. Such ratings, which are used by the market to measure the Group's ability to meet policyholder obligations, are an important factor affecting public confidence in some of the Group's products and, as a result, its competitiveness. Downgrades in the Issuer's ratings could have an adverse effect on the Group's ability to market products or retain current policyholders or on the Group's financial flexibility. In addition, the interest rates the Issuer pays on its borrowings are affected by its credit ratings.</li> <li>• If the proposed demerger of Prudential's UK and Europe business is completed, there can be no assurance that either Prudential or the UK and Europe business will realise the anticipated benefits of the transaction, or that the proposed demerger will not adversely affect the trading value or liquidity of the shares or either or both of the two businesses. In addition, preparing for and implementing the proposed demerger is expected to require significant time from management, which may divert management's attention from other aspects of the Issuer's business.</li> <li>• Adverse experience relative to the assumptions used in pricing products and reporting business results could significantly affect the Issuer's results of operations. In common with other life insurers, the profitability of the Group's businesses depends on a mix of factors, including mortality and morbidity trends, policy surrender and take-up rates on guarantee features of products, investment performance and impairments, unit cost of administration and new business acquisition expenses. The Issuer needs to make assumptions about a number of factors in determining the pricing of its products, for setting reserves and for reporting its capital levels and the results of its long-term business operations. If actual levels are significantly different to assumed levels, the Issuer's results of operations could be adversely affected.</li> </ul>

D.3	Key information on the key risks that are specific to the Notes	<p><b>Issue specific summary:</b></p> <ul style="list-style-type: none"> <li>An optional redemption feature is likely to limit the secondary market value of the Notes such that the secondary market value of such Notes will not rise substantially above the price at which they can be redeemed.</li> </ul>
		<ul style="list-style-type: none"> <li>There may be no or only a limited secondary market in the Notes. Therefore, Holders 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.</li> <li>Holders may not receive the full amount of payments due in respect of the Notes should the Issuer be required to hold or deduct amounts at source on account of tax from such payments in order to comply with applicable law.</li> <li>The Issuer's obligations under Tier 2 Notes are subordinated and will rank junior in priority to the claims of Senior Creditors. Although Tier 2 Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is a real risk that a Holder of a Tier 2 Note will lose some or all of its investment should the Issuer become insolvent. For these purposes, Senior Creditors means any creditors of the Issuer who are unsubordinated creditors of the Issuer (including all policyholders (and including, for the avoidance of doubt, all policyholder claims)).</li> <li>Payments of interest on the Tier 2 Notes are conditional upon: (i) the Issuer satisfying the Solvency Condition both at the time of, and immediately after, any such payment; (ii) unless otherwise permitted by the PRA, both the Solvency Capital Requirement and the Minimum Capital Requirement being met both at the time of, and immediately after, any such payment. In addition, the Issuer may, by giving notice to the Trustee, the Issue and Paying Agent and the Holders of the Notes, elect to defer the payment of interest on the Notes on any Interest Payment Date which is not a Compulsory Interest Payment Date at its sole discretion, provided that the Issuer may not give such notice if, at the time such notice is proposed to be given, a Regulatory Event has occurred and has been subsisting at such time for a continuous period of 180 days or more.</li> </ul>

		<ul style="list-style-type: none"> <li>Any interest not paid on an Interest Payment Date for the reasons described above shall, so long as they remain unpaid, constitute Arrears of Interest. No interest will accrue on Arrears of Interest. At the option of the Issuer, but subject to satisfying the Solvency Condition, the Solvency Capital Requirement and the Minimum Capital Requirement at the time of such payment and immediately thereafter unless otherwise permitted by the PRA, Arrears of Interest may be settled by the Issuer at any time and shall otherwise become payable in full on redemption of the Tier 2 Notes, on purchase of the Tier 2 Notes by or on behalf of the Issuer or upon commencement of the winding-up of the Issuer.</li> <li>In accordance with current PRA requirements for subordinated capital, the sole remedy against the Issuer available to the Trustee on behalf of the Holders of the Tier 2 Notes or, where the Trustee has failed to proceed against the Issuer as provided in the Conditions, any Holders of the Tier 2 Notes, for recovery of amounts owing in respect of the Tier 2 Notes will be the institution of proceedings for the winding-up of the Issuer and/or proving in such winding-up and/or claiming in the liquidation of the Issuer for such amounts.</li> <li>The Tier 2 Notes may be redeemed early or substituted in the circumstances set out below. There is a risk that these optional redemption or substitution features may limit the market value of the Tier 2 Notes or that the Tier 2 Notes may be redeemed at a time when an investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Tier 2 Notes being redeemed.</li> <li>The Tier 2 Notes may at the Issuer's election, be redeemed early on 20 October, 2028 at 100 per cent. of their nominal amount, as specified in the applicable Final Terms.</li> <li>The Tier 2 Notes may, at the Issuer's election, be redeemed early at 100 per cent. of their nominal amount and the Notes may, at the Issuer's election, be substituted for, or varied so that they are treated as, Qualifying Tier 2 Capital for regulatory reasons, each as specified in the applicable Final Terms.</li> <li>At the request of the Issuer, the Trustee shall agree to effect the substitution of any of Subsidiary of the Issuer (a "<b>New M&amp;G Prudential HoldCo</b>") in its place as principal debtor under the Trust Deed, the Notes and the Coupons, provided that (i) New M&amp;G Prudential HoldCo shall be: (A) a Holding Company of M&amp;G Prudential; and (B) incorporated, domiciled or resident in, or subject generally to the taxing jurisdiction of, the United Kingdom; (ii) two directors of New M&amp;G Prudential HoldCo shall certify to the Trustee that New M&amp;G Prudential HoldCo is solvent at the time at which</li> </ul>
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Section E – Offer		
Element	Title	
E.2b	Reasons for the offer and use of proceeds when different from making profit and/or hedging certain risks	<p>The net proceeds from each issue of Notes may be applied by the Issuer for its general corporate purposes, which include making a profit, or may be applied for particular uses, as determined by the Issuer.</p> <p><b>Issue specific summary:</b></p> <p>The net proceeds from the issue of the Notes will be applied by the Issuer for its general corporate purposes, which include making a profit.</p>
E.3	A description of the terms and conditions of the offer	<p>Not Applicable: the Notes may only be offered in circumstances where there is an exemption from the obligation under the Prospectus Directive to publish a prospectus in relation to the relevant offer.</p> <p><b>Issue specific summary:</b></p> <p>Not Applicable. The Notes are in denominations of at least €100,000 (or its equivalent in any other currency).</p>
E.4	A description of any interest that is material to the issue/offer including conflicting interests	<p>The relevant Dealers may be paid fees in relation to any issue of Notes under the Programme.</p> <p><b>Issue specific summary:</b></p> <p>The Joint Lead Managers will be paid aggregate commissions equal to 0.45 per cent. of the nominal amount of the Notes. Any Joint Lead Manager and its affiliates may also have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.</p>
E.7	Estimated expenses charged to the investor by the Issuer	<p>The Issuer will not charge any expenses to investors in connection with any issue of Notes.</p> <p><b>Issue specific summary:</b></p> <p>Not Applicable. No expenses are being charged to investors by the Issuer.</p>