



**Prudential plc**

*(incorporated with limited liability in England and Wales under the Companies Act 1985  
with registered number 1397169)*

as Issuer

£10,000,000,000

**Medium Term Note Programme**

On 22 November, 2001 Prudential plc (the "Issuer" or "Prudential") entered into a £5,000,000,000 Medium Term Note Programme (the "Programme"). The Issuer has subsequently increased the programme limit to £10,000,000,000 as part of annual updates of the Programme.

This Prospectus supersedes any previous prospectuses issued in respect of the Programme. Any Notes (as defined below) issued under the Programme after the date hereof are issued subject to the provisions set out herein. This does not affect any Notes issued under the Programme prior to the date hereof.

Under the Programme, the Issuer, subject to compliance with all relevant laws, regulations and directives, may from time to time issue notes (the "Notes"). Notes may be issued as senior obligations ("Senior Notes") or as dated or undated subordinated obligations with terms qualifying as Tier 2 Capital (as defined herein) (any such dated subordinated obligations "Dated Notes", any such undated subordinated obligations, "Undated Notes" and Dated Notes and Undated Notes together, "Tier 2 Notes").

Application has been made to the Financial Conduct Authority (the "FCA") in its capacity as competent authority under the Financial Services and Markets Act 2000 ("FSMA") (the "UK Listing Authority") for Notes issued under the Programme described in this Prospectus during the period of twelve months from the date of this Prospectus to be admitted to the official list of the UK Listing Authority (the "Official List") and to the London Stock Exchange plc (the "London Stock Exchange") for such Notes to be admitted to trading on the Main Market of the London Stock Exchange (the "Market"). The Market is a regulated market for the purposes of European Council Directive 2014/65/EU ("MiFID II"). References in this Prospectus to Notes being "listed" (and all related references) shall mean that such Notes have been admitted to the Official List and have been admitted to trading on the Market.

Prudential has a short-term/long-term debt rating of P-1/A2 (stable outlook) by Moody's Investors Service Ltd ("Moody's"), A-1/A (stable outlook) by Standard & Poor's Credit Market Services Europe Limited ("Standard & Poor's") and F1/A- (stable outlook) by Fitch Ratings Limited ("Fitch"). Each of Moody's, Standard & Poor's and Fitch is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the "CRA Regulation"). For information regarding the ratings of Notes issued under the Programme, please see page 8 below.

Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, its rating will not necessarily be the same as the rating assigned to the Programme by the relevant rating agency. 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. Where a Series of Notes is rated, its rating will be specified in the applicable Final Terms.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or the securities laws of any state of the United States and the Notes may not be offered, sold or delivered in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) unless the Notes are registered under the Securities Act or an exemption from the registration requirements of the Securities Act and applicable state securities laws is available. Accordingly, the Notes are being offered and sold: (i) in the United States only to persons reasonably believed to be "qualified institutional buyers" within the meaning of Rule 144A under the Securities Act ("QIBs") in reliance on the exemption from registration provided by Rule 144A; and (ii) to certain persons outside the United States who are not U.S. persons in accordance with Regulation S under the Securities Act. See "Provisions relating to the Notes while in Global Form" for a description of the manner in which Notes will be issued. Registered Notes are subject to certain restrictions on transfer, see "Subscription and Sale".

Neither the contents of this Prospectus nor any Final Terms have been reviewed by any regulatory authority in Hong Kong. Prospective investors are advised to exercise caution in relation to any offer pursuant to this Prospectus and, if in doubt about the contents of this Prospectus or the applicable Final Terms, obtain independent professional advice.

**See "Risk Factors" for a discussion of certain factors to be considered in connection with an investment in the Notes.**

*Arranger for the Programme*

**Barclays**

*Dealers*

Barclays  
Deutsche Bank  
NatWest Markets

Citigroup  
Goldman Sachs International  
UBS Investment Bank

## IMPORTANT INFORMATION

This Prospectus constitutes a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (as amended) (the "Prospectus Directive"). The Issuer has confirmed to the Dealers, as named and defined under "*Subscription and Sale*" below, in the context of the Programme and the issue of any Notes, that this Prospectus contains all such information as is necessary to enable investors to make an informed assessment of: (i) the assets and liabilities, financial position, profits and losses and prospects of the Issuer; and (ii) the rights attaching to the relevant Notes, that this Prospectus is true and accurate in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and based on reasonable assumptions and that there are no other facts in relation thereto the omission of which would, in the context of the Programme or the issue of the relevant Notes, make any statement in this Prospectus or the opinions or intentions expressed herein misleading in any material respect, and all reasonable enquiries have been made to verify the foregoing.

The Issuer accepts responsibility for the information contained in this Prospectus and the Final Terms relating to any Series of Notes. To the best of the knowledge of the Issuer, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined herein) of Notes will be set out in a final terms document (the "Final Terms") which, with respect to Notes to be admitted to the Official List and admitted to trading on the Market, will be delivered to the UK Listing Authority and the London Stock Exchange.

Copies of each Final Terms will be available for viewing on weekdays during normal business hours from the registered office of the Issuer and the specified offices of The Law Debenture Trust Corporation p.l.c. (the "Trustee") and the Issue and Paying Agent (as defined herein) for the time being in London and set out at the end of this Prospectus. In addition, copies of each Final Terms relating to Notes which are admitted to trading on the Market will be published on the website of the Regulatory News Service operated by the London Stock Exchange. Copies of each Final Terms relating to Notes which are admitted to trading on any other regulated market in the European Economic Area (the "EEA") will be published in accordance with Article 14(2) of the Prospectus Directive and the rules and regulations of the relevant regulated market.

This Prospectus should be read and construed with any amendment or supplement hereto and with any documents (or sections of documents) incorporated herein by reference (see "*Documents Incorporated by Reference*" below). Further, in relation to any Series of Notes, this Prospectus should be read and construed together with the applicable Final Terms.

No person has been authorised by the Issuer, any Dealer or the Trustee to give any information or to make any representation not contained in or not consistent with this Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer, any Dealer or the Trustee.

No representation or warranty is made or implied by the Dealers or the Trustee or any of their respective affiliates, and neither the Dealers nor the Trustee nor any of their respective affiliates makes any representation or warranty or accepts any responsibility, as to the accuracy or completeness of the information contained in this Prospectus or as to any act or omission of the Issuer or any other person in connection with the issue and offering of the Notes. Neither the delivery of this Prospectus or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Prospectus is accurate subsequent to the date hereof or that there has been no adverse change in the financial situation of the Issuer since the date hereof or, if later, 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 at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to U.S. persons, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder.

**IMPORTANT – EEA RETAIL INVESTORS** – If the applicable Final Terms in respect of any Notes includes a legend entitled “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 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 MiFID II; (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the “Insurance Mediation 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 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 PRODUCT GOVERNANCE/TARGET MARKET** – The applicable Final Terms in respect of any Notes will 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 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 the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

## BENCHMARKS 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 “Benchmarks Regulation”). If any such reference rate does constitute such a benchmark, the applicable Final Terms 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 Benchmarks Regulation. Transitional provisions in the Benchmarks 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 applicable Final Terms. The registration status of any administrator under the Benchmarks Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the applicable Final Terms to reflect any change in the registration status of the administrator.

## IMPORTANT INFORMATION RELATING TO THE USE OF THIS PROSPECTUS AND OFFERS OF NOTES GENERALLY

The distribution of this Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus or any Final Terms come are required by the Issuer, the Dealers and the Trustee to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Prospectus or any Final Terms and other offering material relating to the Notes, see “*Subscription and Sale*”. In particular, this Prospectus has been prepared on the basis that any offer of Notes in any Member State of the EEA which has implemented the Prospectus Directive (each, a “Relevant Member State”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Prospectus as completed by final terms in relation to the offer of those Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer. In addition, the Notes have not been and will not be registered under the Securities Act or the securities laws of any state in the United States and may include Notes in bearer form which are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. This Prospectus has not been submitted for clearance to the *Autorité des marchés financiers* in France.

The Notes may not be a suitable investment for all investors. Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (a) has sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- (c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, or where the currency for principal or interest payments is different from the potential investor's currency;
- (d) understands thoroughly the terms of the relevant Notes and is familiar with the behaviour of financial markets; and
- (e) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (i) Notes are legal investments for it; (ii) Notes can be used as collateral for various types of borrowing; and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Neither this Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Dealers, the Trustee or any of them that any recipient of this Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

#### **U.S. INFORMATION**

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION OR ANY OTHER SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY IN THE UNITED STATES, NOR HAVE ANY OF THE FOREGOING AUTHORITIES APPROVED THIS PROSPECTUS OR CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THE INFORMATION CONTAINED IN THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

This Prospectus may be distributed on a confidential basis in the United States to QIBs for informational use solely in connection with the consideration of the purchase of the Notes of the Issuer being offered hereby. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

Registered Notes may be offered or sold within the United States only to QIBs in transactions exempt from registration under the Securities Act. Each U.S. purchaser of Registered Notes is hereby notified that the offer and sale of any Registered Notes to it may be made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A under the Securities Act (“Rule 144A”).

Each purchaser or holder of Notes represented by a Rule 144A Global Note (as defined below) or any Notes issued in registered form in exchange or substitution therefor (together, “Legended Notes”) will be deemed, by its acceptance or purchase of any such Legended Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Notes as set out in “*Subscription and Sale*”. Unless otherwise stated, terms used in this paragraph have the meanings given to them in “*Provisions relating to the Notes while in Global Form*”.

Each Tranche of Notes in registered form offered and sold in reliance on Regulation S under the Securities Act (“Regulation S”), which will be sold to non-U.S. persons outside the United States, will be represented by a global Note in registered form (a “Regulation S Global Note”) which will be deposited with a common depository or common safekeeper, as the case may be, for Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking S.A. (“Clearstream, Luxembourg”), and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg or in the name of a nominee of the common safekeeper, as specified in the applicable Final Terms.

Each Tranche of Notes in registered form offered and sold to QIBs will be represented by a global Note in registered form (a “Rule 144A Global Note” and, together with a Regulation S Global Note, the “Registered Global Notes”) which will be deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company (“DTC”).

#### **AVAILABLE INFORMATION**

To permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are “restricted securities” within the meaning of the Securities Act, the Issuer has undertaken in the Trust Deed dated 22 November, 2001 as modified and/or supplemented and/or restated from time to time (the “Trust Deed”) between the Issuer and the Trustee, to furnish, upon the request of a holder of such Notes or any beneficial interest therein, to such holder or to a prospective purchaser designated by it, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, the Issuer is neither a reporting company under Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended, (the “Exchange Act”) nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder. The Issuer is currently a reporting company under the Exchange Act.

#### **SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES**

The Issuer is a company organised under the laws of England and Wales. The majority of the officers and directors thereof named herein reside outside the United States and all or a substantial portion of the assets of the Issuer and of such officers and directors are located outside the United States. As a result, it may not be possible for investors to effect service of process outside England and Wales upon the Issuer or such persons, or to enforce judgments against

them obtained in courts outside England and Wales predicated upon civil liabilities of the Issuer or such directors and officers under laws other than England and Wales, including any judgment predicated upon United States federal securities laws. The Issuer acknowledges that there is doubt as to the enforceability in England and Wales in original actions or in actions for enforcement of judgments of United States courts of civil liabilities predicated solely upon the federal securities laws of the United States.

### **PRESENTATION OF FINANCIAL AND OTHER INFORMATION**

All references in this document to “US\$”, “US dollars” and “\$” are to United States dollars, those to “Sterling” and “£” are to pounds sterling, those to “euro”, “Euro”, “€” and “EUR” are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

## SOURCES

Throughout this document, Prudential describes the position and ranking of its overall business and individual business units in various industry and geographic markets. The sources for such descriptions come from a variety of conventional sources generally accepted as relevant business indicators by members of the financial services industry. These sources include information available from the Annuity Specs, Asia Asset Management Magazine, Asosiasi Asuransi Jiwa Indonesia, Association of British Insurers, Association of Vietnamese Insurers, Association of Unit Trusts and Investment Funds, Fitch, Hong Kong Federation of Insurers, Hong Kong Office of the Commissioner of Insurance, HSBC Global Research, Insurance Regulatory and Development Authority of India, Insurance Services Malaysia Berhad, Investment Management Association, Life Insurance Marketing and Research Association (LIMRA), Life Insurance Association of Malaysia, Life Insurance Association of Singapore, Life Insurance Association of Taiwan, Lipper Inc., Morningstar, Moody's, Nielsen Net Ratings, Propriety Research, Service Quality Management Group, SNL Financial, Standard & Poor's, Thai Life Assurance Association, The Asset Benchmark Research, The Advantage Group, The Asset, Townsend and Schupp and UBS. Where applicable, the source of any third party information used in this Prospectus is specified herein.

Prudential confirms that information sourced from a third party has been accurately reproduced and that, as far as Prudential is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## FORWARD-LOOKING STATEMENTS

This Prospectus and the documents incorporated by reference herein may contain forward-looking statements with respect to certain of the Issuer's plans and its goals and expectations relating to the future financial condition, performance, results, strategy and objectives of Prudential or any other member of the Prudential group. Statements that are not historical facts, including statements about the Issuer's beliefs and expectations and including, without limitation, statements containing the words "may", "will", "should", "continue", "aims", "estimates", "projects", "believes", "intends", "expects", "plans", "seeks" and "anticipates", and words of similar meaning, are forward-looking statements. These statements are based on plans, estimates and projections as at the time they are made and, therefore, undue reliance should not be placed on them. By their nature, all forward-looking statements involve risk and uncertainty. A number of important factors could cause the actual future financial condition or performance or other indicated results of the entity referred to in any forward-looking statements to differ materially from those indicated in such forward-looking statement. Such factors include, but are not limited to, the timing, costs and successful implementation of the demerger described herein; the future trading value of the shares of Prudential and the trading value and liquidity of the shares of the to-be-listed M&G Prudential business following such demerger; future market conditions, including fluctuations in interest rates and exchange rates, the potential for a sustained low-interest rate environment, and the performance of financial markets generally; the policies and actions of regulatory authorities, including, for example, new government initiatives; the political, legal and economic effects of the UK's decision to leave the European Union; the impact of continuing designation as a Global Systemically Important Insurer or "G-SII"; the impact of competition, economic uncertainty, inflation and deflation; the effect on Prudential's business and results from, in particular, mortality



and morbidity trends, lapse rates and policy renewal rates; the timing, impact and other uncertainties of future acquisitions or combinations within relevant industries; the internal projects and other strategic actions failing to meet their objectives; disruption to the availability, confidentiality or integrity of Prudential's IT systems (or those of its suppliers); the impact of changes in capital, solvency standards, accounting standards or relevant regulatory frameworks, and tax and other legislation and regulations in the jurisdictions in which the Issuer and its affiliates operate; and the impact of legal and regulatory actions, investigations and disputes. These and other important factors may, for example, result in changes to assumptions used for determining results of operations or re-estimations of reserves for future policy benefits. Further discussion of these and other important factors that could cause the actual future financial condition or performance or other indicated results of the entity referred to in any forward-looking statements to differ, possibly materially, from those anticipated in the Issuer's forward-looking statements can be found under the "Risk Factors" heading in this Prospectus.

The Issuer may also make or disclose written and/or oral forward-looking statements in reports filed with or furnished to the U.S. Securities and Exchange Commission, the Prudential Regulation Authority (the "PRA") and the FCA or other regulatory authorities, as well as the Issuer's annual report and accounts to shareholders, the Issuer's periodic financial reports to shareholders, proxy statements, offering circulars, registration statements and prospectuses and prospectus supplements, press releases and other written materials and in oral statements made by directors, officers or employees of the Issuer to third parties, including financial analysts.

Any forward-looking statements contained in this Prospectus and the documents incorporated by reference herein are made only as of the last practicable date. The Issuer expressly disclaims any obligation to update any of the forward-looking statements contained in this Prospectus (including the documents incorporated by reference herein) or any other forward-looking statements it may make, whether as a result of future events, new information or otherwise, except as required pursuant to the UK Prospectus Rules, the UK Listing Rules, the UK Disclosure and Transparency Rules, the Hong Kong Listing Rules, the SGX-ST listing rules or other applicable laws and regulations.

### **EXCLUSIVE JURISDICTION**

Under Prudential's Articles of Association, certain legal proceedings may only be brought in the courts of England and Wales. This applies to legal proceedings by a shareholder (in its capacity as such) against Prudential and/or its directors and/or its professional service providers. It also applies to legal proceedings between Prudential and its directors and/or Prudential and Prudential's professional service providers that arise in connection with legal proceedings between the shareholder and such professional service provider.

### **RATINGS**

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 & Poor's and A- (Senior Notes) and BBB (subordinated debt) by Fitch.

As at the date of this Prospectus:

The Prudential Assurance Company Limited's financial strength is rated A+ by Standard & Poor's, Aa3 by Moody's and AA- by Fitch. These ratings have a stable outlook.

Jackson National Life Insurance Company's ("Jackson") financial strength is rated AA- by Standard & Poor's Financial Services LLC, AA- by Fitch, Inc. and A1 by Moody's Investors Service, Inc. These ratings have a stable outlook. Jackson's financial strength also has an A+ rating with the outlook on Under Review with Developing Implications by A.M. Best.

None of the Jackson ratings are issued in the European Union as Standard & Poor's Financial Services LLC, Fitch Inc., Moody's Investors Service, Inc. and A.M. Best Company, Inc. are not established in the European Union and none are registered under the CRA Regulation.

However, following the US CRA regulation passing the European Securities and Markets Authority equivalence test:

- (i) credit ratings published by Standard & Poor's Financial Services LLC are endorsed on an ongoing basis by Standard & Poor's Credit Market Services Europe Limited, a CRA regulated rating entity;
- (ii) credit ratings published by Fitch, Inc. are endorsed on an ongoing basis by Fitch Ratings Limited, a CRA regulated rating entity; and
- (iii) credit ratings published by Moody's Investors Service, Inc. are endorsed on an ongoing basis by Moody's Investors Service Ltd, a CRA regulated rating entity.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents (or sections of documents), which have previously been published or are published simultaneously with this Prospectus and have been filed with the FCA, shall be deemed to be incorporated in, and to form part of, this Prospectus:

- (1) the annual report and audited consolidated annual financial statements of the Issuer for the financial year ended 31 December, 2016 (the “Annual Report and Accounts 2016”) and the annual report and audited consolidated annual financial statements of the Issuer for the financial year ended 31 December, 2017, excluding the information set out on pages 33 to 47 thereof (the “Annual Report and Accounts 2017”);
- (2) the solvency and financial condition report of the Issuer for the financial year ended 31 December, 2017;
- (3) the Terms and Conditions of the Tier 2 Notes contained in the Prospectus dated 24 May, 2017 (on pages 93 to 155 (inclusive)) prepared by the Issuer in connection with the Programme;
- (4) the Terms and Conditions of the Tier 2 Notes contained in the Prospectus dated 16 May, 2016 (on pages 93 to 155 (inclusive)) prepared by the Issuer in connection with the Programme;
- (5) the Terms and Conditions of the Senior Notes contained in the Prospectus dated 12 November, 2015 (on pages 51 to 80 (inclusive)) prepared by the Issuer in connection with the Programme;
- (6) the Terms and Conditions of the Senior Notes contained in the Prospectus dated 29 November, 2013 (on pages 62 to 92 (inclusive)) prepared by the Issuer in connection with the Programme;
- (7) the Terms and Conditions of the Dated Tier 2 Notes contained in the Drawdown Prospectus dated 13 December, 2013 (on pages 15 to 63 (inclusive)) prepared by the Issuer in connection with the Programme;
- (8) the Terms and Conditions of the Dated Tier 2 Notes contained in the Drawdown Prospectus dated 5 June, 2015 (on pages 17 to 66 (inclusive)) prepared by the Issuer in connection with the Programme;
- (9) the Terms and Conditions of the Senior Notes contained in the Prospectus dated 19 December, 2012 (on pages 53 to 82 (inclusive)) prepared by the Issuer in connection with the Programme; and
- (10) the Terms and Conditions of the Dated Tier 2 Notes contained in the Prospectus dated 19 December, 2012 (on pages 83 to 130 (inclusive)) prepared by the Issuer in connection with the Programme,

save that any statement contained in this Prospectus or in any of the documents incorporated by reference in, and forming part of, this Prospectus may be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in any document subsequently incorporated by reference modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

Any documents and/or information themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

Any non-incorporated parts of a document referred to herein are either not relevant for an investor or are otherwise covered elsewhere in this Prospectus.

Copies of documents incorporated by reference in this Prospectus may be obtained: (i) by a request in writing to the Issuer at its registered office as set out at the end of this Prospectus and marked for the attention of the Company Secretary; (ii) by visiting the Issuer's website at <http://www.prudential.co.uk/investors/regulatory-news/lse>; or (iii) from the specified office of the Issue and Paying Agent for the time being in London.

Where reference is made to a website in this Prospectus, the contents of that website do not form part of this Prospectus.

The tables below set out the page number references for certain sections of the Annual Report and Accounts 2016 and the Annual Report and Accounts 2017:

#### **Annual Report and Accounts 2016**

<b>Information incorporated by reference into this Prospectus</b>	<b>Page numbers in Annual Report and Accounts 2016</b>
Consolidated income statement	Page 161
Consolidated statement of comprehensive income	Page 162
Consolidated statement of changes in equity	Pages 163 - 164
Consolidated statement of financial position	Page 165
Consolidated statement of cash flows	Page 166
Notes on financial statements	Pages 167 - 317
Independent auditor's report to the members of Prudential plc	Pages 319 - 322

## Annual Report and Accounts 2017

Information incorporated by reference into this Prospectus	Page numbers in Annual Report and Accounts 2017
Consolidated income statement	Page 161
Consolidated statement of comprehensive income	Page 162
Consolidated statement of changes in equity	Pages 163 - 164
Consolidated statement of financial position	Page 165
Consolidated statement of cash flows	Page 166
Notes on financial statements	Pages 167 - 313
Independent auditor's report to the members of Prudential plc	Pages 315 - 323

### SUPPLEMENTAL PROSPECTUS

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Prospectus or publish a new prospectus for use in connection with any subsequent issue of Notes in compliance with section 87G of the FSMA.

## TABLE OF CONTENTS

Summary of the Programme .....	15
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*This section provides a summary of the key information contained within this Prospectus with placeholders for information specific to each issuance of Notes. A summary completed with such issue specific information will be attached to the Final Terms.*

Risk Factors.....	36
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*This section sets out the principal risks the Issuer believes to be inherent in investing in Notes issued under the Programme*

Summary Financial Information.....	66
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*This section sets out in summary form certain financial information relating to the Issuer*

Terms and Conditions of Senior Notes.....	68
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*This section sets out the contractual terms of Senior Notes. The applicable Final Terms will specify which optional provisions apply to any particular issuance of Senior Notes.*

Terms and Conditions of the Tier 2 Notes .....	114
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*This section sets out the contractual terms of Tier 2 Notes. The Final Terms will specify which optional provisions apply to any particular issuance of Tier 2 Notes*

Provisions relating to the Notes while in Global Form.....	187
--	-----

*This section provides information regarding the form in which Notes will be represented upon issue.*

Use of Proceeds .....	194
-----------------------	-----

*This section describes the manner in which the Issuer intends to use the proceeds of issuances of Notes under the Programme.*

Book-entry Clearance Systems.....	195
-----------------------------------	-----

*This section sets out additional information relating to certain clearing systems that may be used for the Notes.*

Prudential plc.....	202
---------------------	-----

*This section provides a description of the Issuer's business activities as well as certain regulatory and other information affecting the Issuer*

Taxation .....	227
----------------	-----

*This section sets out an overview of certain tax considerations relating to the Notes.*

Subscription and Sale .....	235
-----------------------------	-----

*This section sets out an overview of certain restrictions around who can purchase the Notes in certain jurisdictions.*

Forms of Final Terms.....	246
---------------------------	-----

*This section sets out the separate template Final Terms applicable for specific issuances of Notes with (i) a denomination of less than €100,000 (or its equivalent in any other currency) and (ii) a denomination of at least €100,000 (or its equivalent in any other currency).*

General Information.....	301
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*This section provides certain additional information relating to all Notes.*

## **STABILISATION**

IN CONNECTION WITH THE ISSUE OF ANY TRANCHE OF NOTES, THE DEALER OR DEALERS (IF ANY) ACTING AS THE STABILISING MANAGER(S) (OR PERSONS 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 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 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 PERSONS ACTING ON BEHALF OF ANY STABILISING MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND REGULATIONS.

## SUMMARY OF THE PROGRAMME

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.

<b>Section A – Introduction and Warnings</b>	
<b>Element</b>	
<b>A.1</b>	<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>
<b>A.2</b>	<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>
	<p>[Not Applicable; the Notes are issued in denominations of less than €100,000 (or its equivalent in any other currency) but will be offered pursuant to one or more exemptions from the obligation under the Prospectus Directive to publish a prospectus in relation to the relevant offer.]</p>



<b>Section B – Issuer</b>		
<b>Element</b>	<b>Title</b>	
<b>B.1</b>	Legal and commercial name of the Issuer	Prudential plc.
<b>B.2</b>	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>B.4b</b>	Known trends affecting the Issuer and its industry	Not Applicable. There are no particular trends indicated by Prudential.
<b>B.5</b>	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 “Prudential Group” or the “Group”) 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>B.8</b>	Selected key pro forma financial information	<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 “Prospectus Directive Regulation”). 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 Company Limited nor are</p>

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**

<b>Group 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)	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

		<p>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.</p> <p>(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.</p> <p>(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 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>
<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>B.12</b>	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 the years ended 31 December, 2016 and 31 December, 2017. The information has been derived from the Issuer's audited consolidated financial statements audited by KPMG LLP.
<p><b>Audited Consolidated Financial Statements</b></p> <p style="text-align: right;"><b>Year ended 31 December</b></p> <p style="text-align: right;"><b>2017                      2016</b></p> <p style="text-align: right;"><b>£ million (unless otherwise stated)</b></p>		
<p><b>Statutory IFRS basis results</b></p>		
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	131.3p
<p>* The 2016 comparative results have been re-presented from those previously published following the reassessment of the Group's operating segments further to the combination during 2017 of the Group's UK insurance business and M&amp;G to form M&amp;G Prudential.</p> <p>** The UK and Europe operations (M&amp;G Prudential) operating profit based on longer-term investment returns in 2017 of £1,378 million (2016: £1,253 million) comprised contribution from the life insurance business of £861 million (2016: £799 million), asset management business of £500 million (2016: £425 million) and general insurance commission of £17 million (2016: £29 million). Within the total life insurance result of £861 million (2016: £799 million), the contribution from the core with-profits and in-force annuity business was £597 million (2016: £601 million). Core refers to the underlying profit of the UK and Europe insurance business excluding the effect of, for example, management actions to improve solvency and material assumption changes. The balance of the life insurance result reflected the contribution from other activities which are not expected to recur to the same extent going forward.</p>		

		Year Ended 31 December	
		2017	2016
	Basic earnings per share .....	93.1p	75.0p
	Shareholders' equity, excluding non-controlling interests ...	£16.1bn	£14.7bn
	Dividends per share relating to reporting period:		
	First interim ordinary dividend .....	14.50p	12.93p
	Second interim ordinary dividend .....	32.50p	30.57p
	Total.....	47.00p	43.50p
	Dividends per share paid in reporting period:		
	Current year first interim ordinary dividend.....	14.50p	12.93p
	Second interim ordinary dividend for prior year .....	30.57p	26.47p
	Special dividend.....	-	10.00p
	Total.....	45.07p	49.40p
	Funds under management.....	£669.3bn	£602.3bn
	The Issuer prepared the above accounts in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union ("EU").		
	<i>Statements of no significant or material adverse change</i>		
	There has been no significant change in the financial or trading position of the Issuer and its subsidiaries as a whole since 31 December, 2017.		
	There has been no material adverse change in the prospects of the Issuer and its subsidiaries as a whole since 31 December, 2017		
<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</p>	

		succession, reputation management and other core group functions.
<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 ("Moody's"), A-1/A (stable outlook) by Standard &amp; Poor's Credit Market Services Europe Limited ("Standard &amp; Poor's") and F1/A- (stable outlook) by Fitch Ratings Limited ("Fitch"). 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 European Union and is registered under the CRA Regulation.</p> <p><b>Issue specific summary:</b></p> <p>[The Notes [have been]/[are expected to be] rated [ ] by [ ]. 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>

<b>Section C - Securities</b>		
<b>Element</b>	<b>Title</b>	
<b>C.1</b>	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 [£/€/US\$/[ ] [ ] [ ] per cent./Floating Rate/Reset/Zero Coupon Notes due [ ].</p> <p>The Notes have a Specified Denomination of [ ]. International Securities Identification Number (ISIN): [ ].</p>
<b>C.2</b>	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>

		The currency of this Series of Notes is [Pounds Sterling (“£”)/Euro (“€”)/US dollars (“US\$”)/ [ ] ([ )]].
<b>C.5</b>	Restrictions on the free transferability of the Notes	There are no restrictions on the free transferability of the Notes.
<b>C.8</b>	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 “Holder”) 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 Senior Notes will constitute direct and, subject to the provisions of the paragraph entitled ‘Negative pledge’ below, unsecured obligations of the Issuer and will rank <i>pari passu</i> without preference among themselves.]</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 Senior Notes contain a negative pledge which prohibits the Issuer and, so far as the Issuer can procure by the proper exercise of voting and other rights or powers of control exercisable by the Issuer in relation to Subsidiaries, the Principal Subsidiary from creating or permitting to subsist any mortgage or charge upon the whole or any part of its undertaking or assets (other than assets representing the fund or funds maintained by the Issuer or, as the case may be, the Principal Subsidiary in respect of long-term business (as defined in the Financial Services and Markets Act 2000)), present or future, to secure payment of any present or future indebtedness of the Issuer or any Subsidiary evidenced by notes, bonds, debentures, or other securities which are quoted or traded on any stock exchange or in any securities market, subject to certain specified exceptions or any guarantee or indemnity in respect thereof, without at the same time according to the Senior Notes (to the satisfaction of the Trustee) the same security as is created or subsisting to secure any such indebtedness, guarantee or indemnity, or</p>



	<p>such other security as the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Holders or as shall be approved by an Extraordinary Resolution of the Holders.]</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><i>Issue specific summary:</i></b></p> <p>[The terms of the Senior Notes contain the following events of default:</p>
	<p>(a) default in payment of any principal or interest due in respect of the Senior Notes, continuing for a specified period of time;</p> <p>(b) default in the performance or observance of any obligation, condition or provision binding on the Issuer (other than payment of principal or interest) where such default continues for a specified period of time and has not been remedied by the Issuer (if capable of being so remedied);</p> <p>(c) events relating to: (i) the winding-up and administration; (ii) the cessation of payments to creditors generally and of business; (iii) the taking of enforcement action by creditors; or (iv) the insolvency of the Issuer or the Principal Subsidiary; or</p> <p>(d) indebtedness of certain types (subject to an aggregate threshold of £30,000,000 (or its equivalent in any other currency or currencies)) of the Issuer or the Principal Subsidiary is not paid on its due date as extended by any applicable grace period and following a demand therefor or is declared to be or automatically becomes due and payable prior to its stated maturity by reason of default or if any guarantee or indemnity in respect of such indebtedness of any third party given by the Issuer or the Principal Subsidiary (having an outstanding aggregate principal amount as aforesaid) is not honoured when due and called upon and, in any case, the liability of the Issuer or the</p>

		<p>Principal Subsidiary to make payment is not being contested in good faith,</p> <p>each, an “event of default” and as more fully described in the Conditions. Upon the occurrence of an event of default which is continuing, the Trustee at its discretion may, and if so requested by Holders of at least one quarter in nominal amount of the Senior Notes then outstanding or if so directed by an Extraordinary Resolution shall (but, in the case of the happening of any of the events described above at sub-paragraphs (b), (c)(iii), (c)(iv) or (d) relating to the Issuer and any of the events described above at sub-paragraphs (b), (c)(i)-(iv) or (d) relating to the Principal Subsidiary, only if the Trustee has certified in writing that such event or events is or are (as applicable) materially prejudicial to the interests of Holders) declare the Senior Notes to be due and repayable at their Early Redemption Amount (as specified in the applicable Final Terms relating to each Series).]</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>
<b>C.9</b>	<p>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>	<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 [Senior][Tier 2] Notes bear interest [from their date of issue/from [ ]] at the fixed rate of [ ] per cent. per annum</p>

		<p>payable [annually/semi- annually/quarterly/monthly] in arrear on [ ] [and [ ]] in each [year][month].</p> <p>[The [Senior][Tier 2] Notes bear interest [from their date of issue/from [ ]] at [a] floating rate[s] calculated by reference to [ ]-month [LIBOR/EURIBOR/SIBOR/TIBOR/HIBOR/EONIA/SONIA/Federal Funds Rate/Bank of England Base Rate/CMS] [plus/minus] [ ] per cent. per annum payable [annually/semi-annually/quarterly/monthly] in arrear on [ ] [and [ ]] in each [year][month].]</p> <p>[The [Senior][Tier 2] Notes bear interest (a) [from their date of issue/from [ ]] to the first Reset Date occurring thereafter at an initial fixed rate of [ ] per cent per annum; and (b) in respect of each successive [ ]-year period thereafter, at a rate per annum equal to the sum of [ ] and a margin of [ ] per cent., in each case, payable [annually/semi-annually/quarterly/monthly] in arrear on [ ] [and [ ]] in each [year][month].]</p> <p>[The Senior Notes do not bear interest [and will be offered and sold at a discount to their nominal amount].]</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>[Not Applicable.]</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] [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.] [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 any payment of interest on any [Interest Payment Date] [Interest Payment Date which is not a Compulsory Interest Payment Date] where it determines (by reference to the Issuer's then current financial condition) at its sole discretion that: (i) the Capital Adequacy Condition will not be met both at the time of, and immediately after, making the relevant interest payment; or (ii) it is required under the terms of any Parity Security issued prior to 1 January, 2016 to defer the relevant interest payment.] [Any payments of interest not</p>
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		<p>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>Issue specific summary:</b></p> <p>[Subject to any early redemption, substitution, variation, purchase and cancellation or exchange, the [Senior][Tier 2] Notes will be redeemed on [ ] at [ ] per cent. of their nominal amount].</p> <p>[The [Senior][Tier 2] Notes may, at the Issuer's election, be redeemed early on [ ] at [ ] per cent. of their nominal amount.]</p> <p>[The [Senior] Notes may, at the Holder's election, be redeemed early on [ ] at [ ] per cent. of their nominal amount.]</p> <p>[The [Senior][Tier 2] Notes may, at the Issuer's election, be redeemed early at [ ] per cent. of their nominal amount for tax reasons.]</p> <p>[The Tier 2 Notes may, at the Issuer's election, be redeemed early at [ ] 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 or tax reasons.]</p> <p>[The Tier 2 Notes may, at the Issuer's election be redeemed early at [ ] 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 [Senior][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</p>
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		<p>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 “Trustee”) will act as trustee for the holders of Notes.</p> <p><b>Indication of yield:</b></p> <p>[Indication of yield: [            ] per cent. per annum / Not Applicable]</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 indication of the markets in question</p>	<p><b>Listing:</b></p> <p>Each Series will be admitted to the Official List of the UK Listing Authority (the “UKLA”) 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] [is expected to be] 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 [    ].</p> <p><b>Distribution:</b></p> <p>The [Senior][Tier 2] Notes are not being offered to the public in any Member State.</p>
<b>C.21</b>	<p>Indication of the market where the Notes will be traded and for which the Prospectus has been published</p>	<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>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>

		admitted to trading on the Main Market of the London Stock Exchange with effect from [     ].
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<b>Section D – Risks</b>		
<b>Element</b>	<b>Title</b>	
<b>D.2</b>	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 to be established across the Group, some of which are interconnected and/or of large scale, that may have material financial 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 business) and the intended sale of part of the UK annuity portfolio. In addition, Prudential outsources several operations, including a significant part of its back office and customer facing functions as well as a number of IT functions, resulting in reliance upon the operational processing performance of its outsourcing partners.</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 on the Issuer’s financial condition and results of operations.</li> </ul>

		<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 following recent 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 pressures and trends. The markets for financial services in the UK, US and Asia are highly competitive.</li> </ul>

		<p>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 business is completed, there can be no assurance that either Prudential or the UK 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>
<b>D.3</b>	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>• [If the Notes include a feature to convert the interest rate from a fixed rate to a floating rate (or vice versa) this may affect the secondary market value of such Notes.]</li> <li>• [The secondary market value of Notes issued at a substantial discount or premium to their nominal amount tends to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing Notes.]</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] [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.] [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 payment of interest on any [Interest Payment Date] [Interest Payment Date which is not a Compulsory Interest Payment Date] [where it determines (by reference to the Issuer's then current</li> </ul>

		<p>financial condition) at its sole discretion that (i) the Capital Adequacy Condition will not be met both at the time of and immediately after making the relevant interest payment or (ii) it is required under the terms of any Parity Security issued prior to 1 January, 2016 to defer the relevant interest payment].</p>
		<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 [Senior][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 [Senior][Tier 2] Notes or that the [Senior][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 [Senior][Tier 2] Notes being redeemed.]</li> <li>• [The [Senior][Tier 2] Notes may at the Issuer's election, be redeemed early on [ ] at [ ] 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 [ ] 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>• [The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referenced to such "benchmarks".]</li> </ul>

		<ul style="list-style-type: none"> <li>• [Future discontinuance of certain benchmark rates may adversely affect the value of the Notes. Any change to the setting or existence of any benchmark rate could affect the ability of the Issuer to meet its obligations under certain Floating Rate Notes or Reset Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, such Floating Rate Notes or Reset Notes.]</li> <li>• [At the request of the Issuer, the Trustee shall agree to effect the substitution of any of Subsidiary of the Issuer (a “New M&amp;G Prudential HoldCo”) 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 the substitution is effected and will be solvent immediately thereafter; (iii) two directors of the Issuer shall certify to the Trustee that no Default has occurred and is continuing at the time at which the substitution is effected; (iv) all authorisations, consents, approvals, filings, notifications and registrations required in connection with the substitution have been obtained and effected; and (v) the Issuer or New M&amp;G Prudential HoldCo shall give or procure to be given to the Trustee such customary legal opinions as the Trustee shall properly require and in such form as the Trustee shall properly require for the purpose of the discharge of exercise of the Trustee’s duties in connection with the substitution.]</li> </ul>
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<b>Section E – Offer</b>		
<b>Element</b>	<b>Title</b>	
<b>E.2b</b>	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] [[and]].]</p>
<b>E.3</b>	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> <p>[Not Applicable. The Notes are in denominations of less than €100,000 (or its equivalent in any other currency) but will be offered pursuant to one or more exemptions from the obligation under the Prospectus Directive to publish a prospectus in relation to the offer.]</p>
<b>E.4</b>	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 [Dealers/Managers] will be paid aggregate commissions equal to [ ] per cent. of the nominal amount of the Notes.] [Any [Dealer/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>
<b>E.7</b>	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>

## RISK FACTORS

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with any Notes for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate.*

*Prospective investors should note that the risks relating to the Issuer and the Notes summarised in the section of this Prospectus headed “Summary of the Programme” are the risks that the Issuer believes to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Notes. However, as the risks which the Issuer faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this document headed “Summary of the Programme” but also, among other things, the risks and uncertainties described below.*

### **Risks relating to the Issuer’s business**

#### ***Prudential’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 adverse effect on Prudential's business and profitability. Prudential operates in a macroeconomic and global financial market environment that presents significant uncertainties and potential challenges. For example, government interest rates remain low in the US, the UK and some Asian countries in which Prudential operates.

Global financial markets are subject to uncertainty and volatility created by a variety of factors. These factors include the reduction in accommodative monetary policies in the US, the UK and other jurisdictions together with its impact on the valuation of all asset classes, effects on interest rates and the risk of disorderly repricing of inflation expectations and global bond yields, concerns over sovereign debt, a general slowing in world growth, the increased level of geopolitical risk and policy-related uncertainty and potentially negative socio-political events.

The adverse effects of such factors could be felt principally through the following items:

- reduced investment returns arising on the Group’s portfolios including impairment of debt securities and loans, which could reduce Prudential’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;

- higher credit defaults and wider credit and liquidity spreads resulting in realised and unrealised credit losses;
- failure of counterparties who have transactions with Prudential (e.g. banks and reinsurers) to meet commitments that could give rise to a negative impact on Prudential's financial position and on the accessibility or recoverability of amounts due or, for derivative transactions, adequate collateral not being in place;
- estimates of the value of financial instruments becoming more difficult because in certain illiquid or closed markets, determining the value at which financial instruments can be realised is highly subjective. Processes to ascertain such values require substantial elements of judgement, assumptions and estimates (which may change over time); and
- increased illiquidity, which also adds to uncertainty over the accessibility of financial resources and may reduce capital resources as valuations decline. This could occur where external capital is unavailable at sustainable cost, increased liquid assets are required to be held as collateral under derivative transactions or redemption restrictions are placed on Prudential's investments in illiquid funds. In addition, significant redemption requests could also be made on Prudential's issued funds and while this may not have a direct impact on the Group's liquidity, it could result in reputational damage to Prudential. The potential impact of increased illiquidity is more uncertain than for other risks such as interest rate or credit risk.

In general, upheavals in the financial markets may affect general levels of economic activity, employment and customer behaviour. As a result, insurers may experience an elevated incidence of claims, lapses, or surrenders of policies, and some policyholders may choose to defer or stop paying insurance premiums. The demand for insurance products may also be adversely affected. In addition, there may be a higher incidence of counterparty failures. If sustained, this environment is likely to have a negative impact on the insurance sector over time and may consequently have a negative impact on Prudential's business and its balance sheet and profitability. For example, this could occur if the recoverable value of intangible assets for bancassurance agreements and deferred acquisition costs are reduced. New challenges related to market fluctuations and general economic conditions may continue to emerge.

For some non-unit-linked investment products, in particular those written in some of the Group's Asian operations, it may not be possible to hold assets which will provide cash flows to match those relating to policyholder liabilities. This is particularly true in those countries where bond markets are not developed and in certain markets where regulated premium and claim values are set with reference to the interest rate environment prevailing at the time of policy issue. This results in a mismatch due to the duration and uncertainty of the liability cash flows and the lack of sufficient assets of a suitable duration. While this residual asset/liability mismatch risk can be managed, it cannot be eliminated. Where interest rates in these markets remain lower than those used to calculate premium and claim values over a sustained period, this could have a material adverse effect on Prudential's reported profit.

In the US, Jackson writes a significant amount of variable annuities that offer capital or income protection guarantees. The value of these guarantees is affected by market factors (such as interest rates, equity values, bond spreads and realised volatility) and policyholder behaviour. Jackson uses a derivative hedging programme to reduce its exposure to market risks arising on these guarantees. There could be market circumstances where the derivatives that Jackson enters into to hedge its market risks may not cover its exposures under the guarantees. The cost of the guarantees that remain unhedged will also affect Prudential's results.

In addition, Jackson hedges the guarantees on its variable annuity book on an economic basis (with consideration of the local regulatory position) and, thus, accepts variability in its accounting results in the short term in order to achieve the appropriate result on these bases. In particular, for Prudential's Group IFRS reporting, the measurement of the Jackson variable annuity guarantees is typically less sensitive to market movements than for the corresponding hedging derivatives, which are held at market value. However, depending on the level of hedging conducted regarding a particular risk type, certain market movements can drive volatility in the economic or local regulatory results that may be less significant under IFRS reporting.

Also, in the US, fluctuations in prevailing interest rates can affect results from Jackson which has a significant spread based business, with the significant proportion of its assets invested in fixed income securities. In particular, fixed annuities and stable value products written by Jackson expose Prudential to the risk that changes in interest rates, which are not fully reflected in the interest rates credited to customers, will reduce spread. The spread is the difference between the rate of return Jackson is able to earn on the assets backing the policyholders' liabilities and the amounts that are credited to policyholders in the form of benefit increases, subject to minimum crediting rates. Declines in spread from these products or other spread businesses that Jackson conducts, and increases in surrender levels arising from interest rate rises, could have a material impact on its businesses or results of operations.

On 29 March, 2017 the UK submitted the formal notification of its intention to withdraw from the EU pursuant to Article 50 of the Treaty on the European Union, as amended. Following submission of this notification, the UK has a maximum period of two years to negotiate the terms of its withdrawal from the EU. If no formal withdrawal agreement is reached between the UK and the EU, then it is expected the UK's membership of the EU will automatically terminate two years after the submission of the notification of the UK's intention to withdraw from the EU. The UK's decision to leave the EU will have political, legal and economic ramifications for both the UK and the EU, although these are expected to be more pronounced for the UK. The Group has several UK domiciled operations, including M&G Prudential, and these may be impacted by a UK withdrawal from the EU. The outcome of the negotiations on the UK's withdrawal and any subsequent negotiations on trade and access to the country's major trading markets, including the single EU market, is currently unknown. As a result, there is ongoing uncertainty over the terms under which the UK will leave the EU, in particular after the transitional period ending in December 2020 (which itself is yet to be agreed in a legally binding manner), the possibility of a lengthy period before negotiations are concluded, and the potential for a disorderly exit by the UK without a negotiated agreement. This uncertainty may increase volatility in the markets where the Group operates and create the potential for a general downturn in economic activity and for further or prolonged interest rate reductions in some jurisdictions due to monetary easing and investor sentiment.

A significant part of the profit from M&G Prudential's insurance operations is related to bonuses for policyholders declared on with-profits products, which are broadly based on historical and current rates of return on equity, real estate and fixed income securities, as well as Prudential's expectations of future investment returns. This profit could be lower in a sustained low interest rate environment.

***Prudential is subject to the risk of potential sovereign debt credit deterioration owing to the amounts of sovereign debt obligations held in its investment portfolio***

Investing in sovereign debt creates exposure to the direct or indirect consequences of political, social or economic changes (including changes in governments, heads of state or monarchs) in the countries in which the issuers are located and the creditworthiness of the sovereign. Investment in sovereign debt obligations involves risks not present in debt obligations of corporate issuers. In addition, the issuer of the debt or the governmental authorities that control the repayment of the debt may be unable or unwilling to repay principal or pay interest when due in accordance with the terms of such debt, and Prudential may have limited recourse to compel payment in the event of a default. A sovereign debtor's willingness or ability to repay principal and to pay interest in a timely manner may be affected by, among other factors, its cash flow situation, its relations with its central bank, the extent of its foreign currency reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the sovereign debtor's policy toward local and international lenders, and the political constraints to which the sovereign debtor may be subject.

Moreover, governments may use a variety of techniques, such as intervention by their central banks or imposition of regulatory controls or taxes, to devalue their currencies' exchange rates, or may adopt monetary and other policies (including to manage their debt burdens) that have a similar effect, all of which could adversely impact the value of an investment in sovereign debt even in the absence of a technical default. Periods of economic uncertainty may affect the volatility of market prices of sovereign debt to a greater extent than the volatility inherent in debt obligations of other types of issuers.

In addition, if a sovereign default or other such events described above were to occur, other financial institutions may also suffer losses or experience solvency or other concerns, and Prudential might face additional risks relating to any debt of such financial institutions held in its investment portfolio. There is also risk that public perceptions about the stability and creditworthiness of financial institutions and the financial sector generally might be adversely affected, as might counterparty relationships between financial institutions. If a sovereign were to default on its obligations, or adopted policies that devalued or otherwise altered the currencies in which its obligations were denominated this could have a material adverse effect on Prudential's financial condition and results of operations.

***Prudential is subject to the risk of exchange rate fluctuations owing to the geographical diversity of its businesses***

Due to the geographical diversity of Prudential's businesses, Prudential is subject to the risk of exchange rate fluctuations. Prudential'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 currencies.



Although this practice limits the effect of exchange rate fluctuations on local operating results, it can lead to significant fluctuations in Prudential's consolidated financial statements upon the translation of results into pounds sterling. This exposure is not currently separately managed. The currency exposure relating to the translation of reported earnings could impact financial reporting ratios such as dividend cover, which is calculated as operating profit after tax on an IFRS basis, divided by the dividends relating to the reporting year. The impact of gains or losses on currency translations is recorded as a component of shareholders' funds within other comprehensive income. Consequently, this could impact Prudential's gearing ratios (defined as debt over debt plus shareholders' funds). The Group's surplus capital position for regulatory reporting purposes may also be affected by fluctuations in exchange rates with possible consequences for the degree of flexibility that Prudential has in managing its business.

***Prudential 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 Prudential operates, or decisions taken by regulators in connection with their supervision of members of the Group, which in some circumstances may be applied retrospectively may adversely affect Prudential. The adverse impact from these changes may affect Prudential'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 Prudential operates may impose requirements affecting the allocation of capital and liquidity between different business units in the Group, whether on a geographic, legal entity, product line or other basis. 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 interventions by governments following recent financial and global economic conditions, there may continue to be changes in government 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 on the degree and nature of regulatory changes and Prudential's competitive position in some geographic markets. This could take effect, for example, through increased friction in cross-border trade or measures favouring local enterprises such as changes to the maximum level of non-domestic ownership by foreign companies.

The European Union's Solvency II Directive came into effect on 1 January, 2016. This measure of regulatory capital is more volatile than under the previous Solvency I regime and regulatory policy may evolve under the new regime. The European Commission began a review in late 2016 of some aspects of the Solvency II legislation, which is expected to continue until 2021 and covers, among other things, a review of the Long Term Guarantee measures. Prudential applied for, and has been granted approval by the UK Prudential Regulation Authority to use the following measures when calculating its Solvency II capital requirements: the use of an internal model, the

'matching adjustment' for UK annuities, the 'volatility adjustment' for selected US Dollar-denominated business, and UK transitional measures. Prudential also has permission to use 'deduction and aggregation' as the method by which the contribution of the Group's US insurance entities to the Group's solvency is calculated, which in effect recognises surplus in US insurance entities in excess of 250 per cent of local US Risk Based Capital requirements. There is a risk that in the future changes are required to be made to the approved internal model and these related applications which could have a material impact on the Group Solvency II capital position. Where internal model changes are subject to regulatory approval, there is a risk that the approval is delayed or not given. In such circumstances, changes in our risk profile would not be able to be appropriately reflected in our internal model, which could have a material impact on the Group's Solvency II capital position.

The UK's decision to leave the EU could result in significant changes to the legal and regulatory regime under which the Group operates, the nature and extent of which are uncertain while the outcome of negotiations regarding the UK's withdrawal from the EU and the extent and terms of any future access to the single EU market remains unknown.

Currently there are also a number of other global regulatory developments which could impact Prudential's businesses in its many jurisdictions. These include the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") in the US, the work of the Financial Stability Board ("FSB") on Global Systemically Important Insurers ("G-SIIs"), the Insurance Capital Standard ("ICS") being developed by the International Association of Insurance Supervisors (IAIS), MiFID II, which recently came into force in the EU and the EU General Data Protection Regulation that came into force on 25 May, 2018. In addition, regulators in a number of jurisdictions in which the Group operates are further developing local capital regimes; this includes potential future developments in Solvency II in the UK (as referred to above), National Association of Insurance Commissioners' (NAIC) reforms in the US including any implications from the recently enacted US tax reform legislation and amendments to certain local statutory regimes in some territories in Asia. There remains a high degree of uncertainty over the potential impact of these changes on the Group.

The Dodd-Frank Act provides for a comprehensive overhaul of the financial services industry within the US including reforms to financial services entities, products and markets. The full impact of the Dodd-Frank Act on Prudential's businesses remains unclear, as many of its provisions are primarily focused on the banking industry, have a delayed effectiveness and/or require rulemaking or other actions by various US regulators over the coming years. There is also potential uncertainty surrounding future changes to the Dodd-Frank Act under the current US administration.

Prudential's designation as a G-SII was reaffirmed on 21 November, 2016. As a result of this designation, Prudential is subject to additional regulatory requirements, including a requirement to submit enhanced risk management plans (such as a Group-wide Recovery Plan, a Systemic Risk Management Plan and a Liquidity Risk Management Plan) to a Crisis Management Group comprised of an international panel of regulators.

The G-SII regime also introduces capital requirements in the form of a Higher Loss Absorption (HLA) requirement. While this requirement was initially intended to come into force in 2019, this has now been postponed to 2022. The HLA is also now intended to be based on the ICS. The

IAIS has announced that the implementation of ICS will be conducted in two phases – a five-year monitoring phase followed by an implementation phase. During the monitoring phase, Internationally Active Insurance Groups, for which Prudential satisfies the criteria, will be required to report on compliance with the ICS to the group-wide supervisor on a confidential basis, although these results will not be used as a basis to trigger supervisory action. The Common Framework (ComFrame) for the Supervision of Internationally Active Insurance Groups will more generally establish a set of common principles and standards designed to assist regulators in addressing risks that arise from insurance groups with operations in multiple jurisdictions.

NAIC is continuing its industry consultation with the aim of reducing the non-economic volatility in the variable annuity statutory balance sheet and risk management. Following two industry quantitative impact studies, proposed changes to the current framework have been released by the NAIC for comment from industry and other interested parties. Jackson continues to be engaged in the consultation and testing process. The proposed changes are expected to be effective from 2019 at the earliest. In December 2017, the Tax Cuts and Jobs Act was signed into law in the US. Some uncertainty exists on the implications of the tax reforms on the NAIC's proposals surrounding the calculation of required capital. A draft proposal is now available and the final details and implementation date are expected to be set during 2018. The Group's preparations to manage the impact of these reforms will continue while the Group awaits further clarification.

Various jurisdictions in which Prudential operates have created investor compensation schemes that require mandatory contributions from market participants in some instances in the event of a failure of a market participant. As a major participant in the majority of its chosen markets, circumstances could arise in which Prudential, along with other companies, may be required to make such contributions.

The Group's accounts are prepared in accordance with current IFRS applicable to the insurance industry. The International Accounting Standards Board (IASB) introduced a framework that it described as Phase I which, under its standard IFRS 4 permitted insurers to continue to use the statutory basis of accounting for insurance assets and liabilities that existed in their jurisdictions prior to January 2005. In May 2017, the IASB published its replacement standard on insurance accounting (IFRS 17, 'Insurance Contracts'), which will have the effect of introducing fundamental changes to the statutory reporting of insurance entities that prepare accounts according to IFRS from 2021. The European Union will apply its usual process for assessing whether the standard meets the necessary criteria for endorsement. The Group is reviewing the complex requirements of this standard and considering its potential impact. The effect of changes required to the Group's accounting policies as a result of implementing the new standard is currently uncertain, but these changes can be expected to, amongst other things, alter the timing of IFRS profit recognition. The implementation of this standard is also likely to require significant enhancements to IT, actuarial and finance systems of the Group, and so will have an increase on the Group's expenses.

Any changes or modification of IFRS accounting policies may require a change in the way in which future results will be determined and/or a retrospective adjustment of reported results to ensure consistency.

***The resolution of several issues affecting the financial services industry could have a negative impact on Prudential's reported results or on its relations with current and potential customers***

Prudential is, and in the future may be, subject to legal and regulatory actions in the ordinary course of its business, both in the UK and internationally. Such actions may relate to the application of current regulations for example the FCA principles and conduct of business rules or the failure to implement new regulations. These actions could involve a review of types of business sold in the past under acceptable market practices at the time, such as the requirement in the UK to provide redress to certain past purchasers of pensions and mortgage endowment policies, changes to the tax regime affecting products, and regulatory reviews on products sold and industry practices, including, in the latter case, lines of business it has closed. Current regulatory actions include the UK business's undertaking to the FCA to review annuities sold without advice after 1 July, 2008 to its contract-based defined contribution pension customers. This will result in the UK business being required to provide redress to certain such customers, the ultimate amount of which remains uncertain.

Regulators may also focus on the approach that product providers use to select third party distributors and to monitor the appropriateness of sales made by them. In some cases, product providers can be held responsible for the deficiencies of third-party distributors.

In the US, there has been significant attention on the different regulatory standards applied to investment advice delivered to retail customers by different sectors of the industry. As a result of reports relating to perceptions of industry abuses, there have been numerous regulatory inquiries and proposals for legislative and regulatory reforms. This includes focus on the suitability of sales of certain products, alternative investments and the widening of the circumstances under which a person or entity providing investment advice with respect to certain employee benefit and pension plans would be considered a fiduciary (subjecting the person or entity to certain regulatory requirements). There is a risk that new regulations introduced may have a material adverse effect on the sales of the products by Prudential and increase Prudential's exposure to legal risks.

***Litigation, disputes and regulatory investigations may adversely affect Prudential's profitability and financial condition***

Prudential is, and may in the future be, subject to legal actions, disputes and regulatory investigations in various contexts, including in the ordinary course of its insurance, investment management and other business operations. These legal actions, disputes and investigations may relate to aspects of Prudential's businesses and operations that are specific to Prudential, or that are common to companies that operate in Prudential's markets. Legal actions and disputes may arise under contracts, regulations (including tax) or from a course of conduct taken by Prudential, and may be class actions. Although Prudential believes that it has adequately provided in all material respects for the costs of litigation and regulatory matters, no assurance can be provided that such provisions are sufficient. Given the large or indeterminate amounts of damages sometimes sought, other sanctions that might be imposed and the inherent unpredictability of litigation and disputes, it is possible that an adverse outcome could have an adverse effect on Prudential's reputation, results of operations or cash flows.

***Prudential's businesses are conducted in highly competitive environments with developing demographic trends and continued profitability depends upon management's ability to respond to these pressures and trends***

The markets for financial services in the UK, US and Asia are highly competitive, with several factors affecting Prudential's ability to sell its products and continued profitability, including price and yields offered, financial strength and ratings, range of product lines and product quality, brand strength and name recognition, investment management performance, historical bonus levels, the ability to respond to developing demographic trends, customer appetite for certain savings products and technological advances. In some of its markets, Prudential 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 Prudential's potential to grow its business as quickly as planned.

In Asia, the Group's principal competitors include global life insurers such as Allianz, AXA, and Manulife together with regional insurers such as AIA and Great Eastern, and multinational asset managers such as Franklin Templeton, HSBC Global Asset Management, J.P. Morgan Asset Management and Schroders. In most markets, there are also local companies that have a material market presence.

M&G Prudential's principal competitors include many of the major retail financial services companies and fund management companies including, in particular, Aviva, Janus Henderson, Jupiter, Legal & General, Schroders and Standard Life Aberdeen.

Jackson's competitors in the US include major stock and mutual insurance companies, mutual fund organisations, banks and other financial services companies such as Aegon, AIG, Allianz, AXA, Brighthouse, Lincoln Financial Group, MetLife and Prudential Financial.

Prudential believes competition will intensify across all regions in response to consumer demand, digital and other technological advances, the need for economies of scale and the consequential impact of consolidation, regulatory actions and other factors. Prudential's ability to generate an appropriate return depends significantly upon its capacity to anticipate and respond appropriately to these competitive pressures.

***Downgrades in Prudential's financial strength and credit ratings could significantly impact its competitive position and damage its relationships with creditors or trading counterparties***

Prudential's financial strength and credit ratings, which are used by the market to measure its ability to meet policyholder obligations, are an important factor affecting public confidence in Prudential's products, and as a result its competitiveness. Downgrades in Prudential's ratings as a result of, for example, decreased profitability, increased costs, increased indebtedness or other concerns could have an adverse effect on its ability to market products, retain current policyholders, and on the Group's financial flexibility. In addition, the interest rates Prudential pays on its borrowings are affected by its credit ratings, which are in place to measure the Group's ability to meet its contractual obligations.

In addition, changes in methodologies and criteria used by rating agencies could result in downgrades that do not reflect changes in the general economic conditions or Prudential's financial condition.

As at the date of this Prospectus:

Prudential plc's long-term senior debt is rated as A2 by Moody's, A by Standard & Poor's, and A- by Fitch. These ratings are all on a stable outlook.

Prudential plc's short-term debt is rated as P-1 by Moody's, A-1 by Standard & Poor's, and F1 by Fitch.

The Prudential Assurance Company Limited's financial strength is rated Aa3 by Moody's, A+ by Standard & Poor's, and AA- by Fitch. These ratings are all on a stable outlook.

Jackson's financial strength is rated AA- by Standard & Poor's and Fitch and A1 by Moody's. These ratings all have a stable outlook. Jackson's financial strength also has an A+ Rating with the outlook on Under Review with Developing Implications by A.M. Best.

Prudential Assurance Co. Singapore (Pte) Ltd's financial strength is rated AA- by Standard & Poor's. This rating is on a stable outlook.

***Adverse experience in the operational risks inherent in Prudential's business could disrupt its business functions and have a negative impact on its results of operations***

Operational risks are present in all of Prudential's businesses, including the risk (from both Prudential and its outsourcing partners) of direct or indirect loss resulting from inadequate or failed internal and external processes, systems or human error, the effects of natural or man-made catastrophic events (such as natural disasters, pandemics, cyber-attacks, acts of terrorism, civil unrest and other catastrophes) or from other external events. Exposure to such events could disrupt Prudential's systems and operations significantly, which may result in financial loss and reputational damage.

Prudential's business is dependent on processing a large number of transactions across numerous and diverse products, and it employs a large number of models, and user developed applications, some of which are complex, in its processes. The long-term nature of much of the Group's business also means that accurate records have to be maintained for significant periods. Further, Prudential operates in an extensive and evolving legal and regulated environment which adds to the operational complexity of its business processes and controls.

These factors, among others, result in significant reliance on and require significant investment in information technology ("IT"), compliance and other operational systems, personnel and processes.

As part of the implementation of its business strategies, Prudential has commenced a number of change initiatives to be established across the Group, some of which are interconnected and/or of large scale, that may have material financial 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&G and Prudential UK & Europe, the proposed demerger of M&G Prudential and the intended sale of part of the UK annuity portfolio. In addition, Prudential outsources several operations, including a significant part of its back office and customer facing functions as well as a number of IT functions, resulting in reliance upon the operational processing performance of its outsourcing partners.

Although Prudential's IT, compliance and other operational systems, models and processes incorporate controls designed to manage and mitigate the operational and model risks associated with its activities, there can be no assurance that such controls will always be effective. Due to human error among other reasons, operational and model risk incidents do happen periodically and no system or process can entirely prevent them although there have not been any material events to date. Prudential's legacy and other IT systems and processes, as with operational systems and processes generally, may be susceptible to failure or security breaches.

Such events could, among other things, harm Prudential's ability to perform necessary business functions, result in the loss of confidential or proprietary data (exposing it to potential legal claims and regulatory sanctions) and damage its reputation and relationships with its customers and business partners. Similarly, any weakness in administration systems (such as those relating to policyholder records or meeting regulatory requirements) or actuarial reserving processes could have a material adverse effect on its results of operations during the effective period.

***The proposed demerger of M&G Prudential carries with it execution risk and will require significant management attention***

The proposed demerger of M&G Prudential (Prudential's UK business), is subject to a number of factors (including prevailing market conditions, transfer of the Hong Kong business from The Prudential Assurance Company Limited to Prudential Corporation Asia Limited and approvals from regulators and shareholders). Therefore there can be no certainty as to the timing of the demerger, or that it will be completed as proposed (or at all). Further, if the proposed demerger is completed, there can be no assurance that either Prudential or M&G Prudential 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 of 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 Prudential's business.

***Attempts by third parties to access or disrupt Prudential's IT systems could result in loss of trust from Prudential's customers, reputational damage and financial loss***

Prudential and its business partners are increasingly exposed to the risk that third parties may attempt to disrupt the availability, confidentiality and integrity of its IT systems, which could result in disruption to key operations, make it difficult to recover critical services, damage assets and compromise the integrity and security of data (both corporate and customer). This could result in loss of trust from Prudential's customers, reputational damage and direct or indirect financial loss. The cyber-security threat continues to evolve globally in sophistication and potential significance. Prudential's increasing market profile, growing customer interest in interacting with their insurance providers and asset managers through the internet and social media, improved brand awareness and the classification of Prudential as a G-SII could also increase the likelihood of Prudential

being considered a target by cyber criminals. Further, there have been recent changes to the threat landscape and the risk from untargeted but sophisticated and automated attacks has increased. Developments in data protection worldwide (such as the EU General Data Protection Regulation that came into force on 25 May, 2018) may also increase the financial and reputational implications for Prudential following a significant breach of its (or its third party suppliers') IT systems. To date, Prudential has not identified a failure or breach which has had a material impact in relation to its legacy and other IT systems and processes. However, it has been, and likely will continue to be, subject to potential damage from computer viruses, attempts at unauthorised access and cyber-security attacks such as 'denial of service' attacks (which, for example, can cause temporary disruption to websites and IT networks), phishing and disruptive software campaigns.

Prudential is continually enhancing its IT environment to remain secure against emerging threats, together with increasing its ability to detect system compromise and recover should such an incident occur. However, there can be no assurance that such events will not take place which may have material adverse consequential effects on Prudential's business and financial position.

***The failure to understand and respond effectively to the impacts of transitional and physical risks associated with climate change could adversely affect Prudential's results of operations and its long-term strategy***

Climate change poses potentially significant risks to Prudential and its customers, not only from the physical impacts of climate change, driven by specific climate-related events such as natural disasters, but also from the transition risks, associated with the shift to a low carbon economy.

The climate risk landscape continues to evolve and is moving up the agenda of many regulators, governments, non-governmental organisations and investors. For example, the FSB's Task Force for Climate-related Disclosures recommendations were published in 2017 to provide a voluntary framework on corporate climate-related financial disclosures following the FSB's concern that there may be systemic risk in the financial system related to climate change.

Global commitments to limit climate change were recently agreed and governmental and corporate efforts to transition to a low carbon economy in the coming decades could have an adverse impact on global investment assets. In particular, there is a risk that this transition including the related changes to technology, policies and regulations and the speed of their implementation, could result in some sectors (such as, but not limited to, the fossil fuel industry) facing significantly higher costs and a disorderly adjustment to their asset values. This could lead to an adverse impact on the value and the future performance of the investment assets of the Group if climate considerations are not effectively integrated into investment decisions and fiduciary and stewardship duties. Where Prudential's investment horizons are long-term, the relevant assets are potentially more exposed to the long-term impact of climate change.

***Adverse experience relative to the assumptions used in pricing products and reporting business results could significantly affect Prudential'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 levels and trends, policy surrenders and take-up rates



on guarantee features of products, investment performance and impairments, unit cost of administration and new business acquisition expenses.

Prudential 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. For example, the assumption that Prudential makes about future expected levels of mortality is particularly relevant for its UK annuity business, where payments are guaranteed for at least as long as the policyholder is alive. Prudential conducts rigorous research into longevity risk, using industry data as well as its own substantial annuitant experience. As part of its pension annuity pricing and reserving policy, Prudential's UK business assumes that current rates of mortality continuously improve over time at levels based on adjusted data and informed by models from the Continuous Mortality Investigation as published by the Institute and Faculty of Actuaries. Assumptions about future expected levels of mortality are also of relevance to the Guaranteed Minimum Withdrawal Benefit ("GMWB") of Jackson's variable annuity business. If mortality improvement rates significantly exceed the improvement assumed, Prudential's results of operations could be adversely affected.

A further factor is the assumption that Prudential makes about future expected levels of the rates of early termination of products by its customers (known as persistency). This is relevant to a number of lines of business in the Group, especially for Jackson's portfolio of variable annuities. Prudential's persistency assumptions reflect a combination of recent past experience for each relevant line of business and expert judgement, especially where a lack of relevant and credible experience data exists. Any expected change in future persistency is also reflected in the assumption. If actual levels of future persistency are significantly different than assumed, the Group's results of operations could be adversely affected. Furthermore, Jackson's variable annuity products are sensitive to other types of policyholder behaviour, such as the take-up of its GMWB product features.

In addition, Prudential's business may be adversely affected by epidemics and other effects that give rise to a large number of deaths or additional sickness claims. Significant influenza epidemics have occurred a number of times historically but the likelihood, timing, or the severity of future epidemics cannot be predicted. The effectiveness of external parties, including governmental and non-governmental organisations, in combating the spread and severity of any epidemics could have a material impact on the Group's loss experience.

***As a holding company, Prudential is dependent upon its subsidiaries to cover operating expenses and dividend payments***

The Group's insurance and investment management operations are generally conducted through direct and indirect subsidiaries, which are subject to the risks discussed elsewhere in this "Risk Factors" section.

As a holding company, Prudential's principal sources of funds are remittances from subsidiaries, shareholder-backed funds, the shareholder transfer from long-term funds and any amounts that may be raised through the issuance of equity, debt and commercial paper.

Certain of Prudential's subsidiaries are restricted by applicable insurance, foreign exchange and tax laws, rules and regulations that can limit remittances. In some circumstances, this could limit

Prudential's ability to pay dividends to shareholders or to make available funds held in certain subsidiaries to cover operating expenses of other members of the Group.

***Prudential operates in a number of markets through joint ventures and other arrangements with third parties, involving certain risks that Prudential does not face with respect to its consolidated subsidiaries***

Prudential operates, and in certain markets is required by local regulation to operate, through joint ventures and other similar arrangements. For such Group operations, management control is exercised in conjunction with other participants. The level of control exercisable by the Group depends on the terms of the contractual agreements, in particular, the allocation of control among, and continued cooperation between, the participants. In addition, the level of control exercisable by the Group could also be subject to changes in the maximum level of non-domestic ownership imposed on foreign companies in certain jurisdictions. Prudential may face financial, reputational and other exposure (including regulatory censure) in the event that any of its partners fails to meet its obligations under the arrangements, encounters financial difficulty, or fails to comply with local or international regulation and standards such as those pertaining to the prevention of financial crime. In addition, a significant proportion of the Group's product distribution is carried out through arrangements with third parties not controlled by Prudential and is therefore dependent upon continuation of these relationships. A temporary or permanent disruption to these distribution arrangements, such as through significant deterioration in the reputation, financial position or other circumstances of the third party or material failure in controls (such as those pertaining to the prevention of financial crime) could adversely affect the results of operations of Prudential.

***Changes in tax legislation may result in adverse tax consequences***

Tax rules, including those relating to the insurance industry, and their interpretation may change, possibly with retrospective effect, in any of the jurisdictions in which Prudential operates. Significant tax disputes with tax authorities, and any change in the tax status of any member of the Group or in taxation legislation or its scope or interpretation could affect Prudential's financial condition and results of operations.

**Risks relating to the Notes**

***Risks related to the structure of a particular issue of Notes***

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features.

*If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return*

An optional redemption feature is likely to limit the market value of the Notes. 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 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.

Alternatively, Notes may be issued with no maturity date and the Issuer is under no obligation to redeem such Notes and the holders of such Notes have no right to call for their redemption (save as permitted pursuant to the applicable Final Terms).

*If the Notes include a feature to convert the interest basis from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned*

Fixed/Floating Rate Notes are Notes which bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such a feature to convert the interest basis, and any conversion of the interest basis, may affect the secondary market in, and the market value of, such Notes as the change of interest basis may result in a lower interest return for Holders. Where the Notes convert from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate.

In addition, the new floating rate at any time may be lower than the rates on other Notes. Where the Notes convert from a floating rate to a fixed rate, the fixed rate applicable to the Fixed/Floating Rate Notes may be lower than then prevailing rates on those Notes and could affect the market value of an investment in the relevant Notes.

*The interest rate on Reset Notes will reset on each Reset Date, which can be expected to affect the interest payment on an investment in Reset Notes and could affect the market value of Reset Notes*

Reset Notes will initially earn interest at the Initial Rate of Interest until (but excluding) the Reset Date (or, if there is more than one Reset Period, the first Reset Date). On the first Reset Date, however, and on each subsequent Reset Date (if any) thereafter, the interest rate will be reset to the sum of the applicable Subsequent Reset Reference Rate and the applicable Reset Margin as determined by the Issue and Paying Agent on the relevant Reset Determination Date (each such interest rate, a "Subsequent Reset Rate"). The Subsequent Reset Rate for any Reset Period could be less than Initial Rate of Interest or the Subsequent Reset Rate for prior Reset Periods and could affect the market value of an investment in the Reset Notes.

*Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates*

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

### *The Issuer's obligations under Tier 2 Notes are subordinated*

The Issuer's obligations under Tier 2 Notes will be unsecured and subordinated and will rank junior in priority to the claims of more senior ranking creditors of the Issuer. Although Tier 2 Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is a real risk that an investor in Tier 2 Notes will lose all or some of its investment should the Issuer become insolvent. Further, there is no restriction on the amount of securities which the Issuer may issue and which may rank senior to, or *pari passu* with, the Tier 2 Notes. The issue of any such securities may reduce the amount recoverable by holders of the Tier 2 Notes on a winding-up of the Issuer and/or may increase the likelihood of a deferral of payments under the Tier 2 Notes.

### *Deferral of payments*

All payments on Tier 2 Notes, their respective Coupons or under the Trust Deed relating to them or arising therefrom (other than certain payments made to the Trustee in accordance with the Trust Deed) 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.

The Issuer may specify in the applicable Final Terms that the Tier 2 Notes are subject to Optional Interest Deferral or Capital Adequacy Condition Deferral.

In relation to Tier 2 Notes to which Optional Interest Deferral is specified to apply, the Issuer may (save where the Dividend and Capital Restriction is specified to apply to the Tier 2 Notes, as further described below), 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 any Interest Payment Date, 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. If a Regulatory Event has occurred and has been subsisting at such for a continuous period of 180 days or more at the time such notice is proposed to be given, the Issuer will not have the right to elect to defer interest on Tier 2 Notes to which Optional Interest Deferral is specified to apply (although the mandatory deferral requirements will continue to apply).

In relation to Tier 2 Notes to which Capital Adequacy Condition Deferral is specified to apply, the Issuer may (save where the Dividend and Capital Restriction is specified to apply to the Tier 2 Notes, as further described below) elect to defer the payment of interest on the Tier 2 Notes on any Interest Payment Date on which the Issuer determines at its sole discretion (by reference to the Issuer's then current financial condition) that either: (i) the Capital Adequacy Condition will not be met both at the time of and immediately after making the relevant interest payment; or (ii) it is required under the terms of any Parity Security issued prior to 1 January, 2016 to defer payment of interest on the Tier 2 Notes on such Interest Payment Date.

For this purpose, the "Capital Adequacy Condition" is defined to mean:

- (a) in relation to The Prudential Assurance Company Limited, the Issuer's wholly-owned subsidiary, the ratio of its Regulatory Assets to its Regulatory Capital Requirement is at least 125%; or
- (b) if there is a Regulatory Capital Requirement applicable to the Issuer either directly or in relation to it and its Subsidiaries as a group, the Issuer exceeds such Regulatory Capital Requirement by a factor of at least 25% of such Regulatory Capital Requirement; or
- (c) if there is no Regulatory Capital Requirement applicable to the Issuer, its total Assets exceed its total Liabilities, other than liabilities to persons that are not more senior ranking creditors of the Issuer, by at least 125% of such percentage specified by the PRA as the Regulatory Capital Requirement specifically applicable to The Prudential Assurance Company Limited; or
- (d) in relation to the Issuer's EEA Insurance Subsidiaries, each EEA Insurance Subsidiary complies with the Capital Regulations applicable to it.

Since 1 January, 2016, Solvency II is the Group's consolidated capital regime and the capital regime of Insurance Subsidiaries, including The Prudential Assurance Company Limited. Accordingly, the Issuer determines whether the Capital Adequacy Condition will be met by reference to the requirements of Solvency II. On this basis, for the purposes of:

- (i) paragraph (a) of the Capital Adequacy Condition, the ratio of the Regulatory Assets of The Prudential Assurance Company Limited to its Regulatory Capital Requirement (calculated on a Solvency II basis and including within Regulatory Assets the own funds of The Prudential Assurance Company Limited with-profits funds, without restriction):
  - (A) was 168% as at 31 December, 2016; and
  - (B) was 179% as at 31 December, 2017;
- (ii) paragraph (b) of the Capital Adequacy Condition, the percentage by which the Issuer and its Subsidiaries exceeds the relevant Regulatory Capital Requirement (calculated on a Solvency II basis and reflecting the Group Solvency II shareholder capital position (which excludes the contribution to own funds and the Solvency Capital Requirement from ring fenced with-profits funds and staff pension schemes in surplus)):
  - (A) was 106% as at 31 December, 2016; and
  - (B) was 102% as at 31 December, 2017;
- (iii) paragraph (c) of the Capital Adequacy Condition, the Issuer is subject to a Regulatory Capital Requirement (applicable to the Issuer and its Subsidiaries as a group) therefore the test does not apply; and
- (iv) paragraph (d) of the Capital Adequacy Condition, each of the Issuer's EEA Insurance Subsidiaries was, as at 31 December, 2017, in compliance with the Capital Regulations applicable to it.

Any amounts of 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 determined 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.

If “Dividend and Capital Restriction” is specified to apply to the Tier 2 Notes in the applicable Final Terms, the Issuer may not elect to defer the payment of interest on any Interest Payment Date which is a Compulsory Interest Payment Date (although the mandatory deferral requirements will continue to apply).

A “Compulsory Interest Payment Date” for this purpose means any Interest Payment Date on which: (i) the Issuer satisfies the Solvency Condition, both the Solvency Capital Requirement and the Minimum Capital Requirement are met, in each case, both at the time of, and immediately after, making the relevant interest payment; (ii) the Issuer has, in the six calendar months immediately preceding such Interest Payment Date, declared or paid any dividend on any class of its share capital; and (iii) the Issuer is not required to defer payments of interest on the Tier 2 Notes pursuant to the terms of any Parity Security issued prior to 1 January, 2016.

#### *Restricted remedy for non-payment*

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 Tier 2 Notes) or, where the Trustee has failed to proceed against the Issuer as provided in the Terms and Conditions of the Tier 2 Notes, any Holder of Tier 2 Notes for recovery of amounts owing in respect of such Notes and Coupons 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. See “*Terms and Conditions of Tier 2 Notes, Condition 16*”.

#### *Redemption Risk*

Early redemption of the Notes will be permitted for taxation reasons as described in the relevant Terms and Conditions of the Notes. In addition, early redemption of Tier 2 Notes will be permitted for regulatory reasons or following a Rating Event, each as described in the Terms and Conditions of the Tier 2 Notes.

Early redemption of the Notes will be permitted only to the extent specified in the applicable Final Terms and subject to all relevant legal and regulatory requirements including, in the case of Tier 2 Notes, the Issuer giving prior notice to the PRA and, to the extent required by the Capital Regulations in relation to Tier 2 Capital at the time of such redemption, the PRA giving its prior approval or consent in the form of a waiver or otherwise to such redemption.

In respect of Tier 2 Notes, if such Notes are redeemed at the Issuer’s option, such Notes shall be redeemed on any Optional Redemption Date at their Optional Redemption Amount together with any accrued interest to the Redemption Date and the aggregate amount of any Arrears of Interest.

Further, if such Notes are redeemed (i) upon the occurrence of a Par Tax Event or a Rating Event at any time or a Regulatory Event on or after the Optional Redemption Date, the Notes may be redeemed at the outstanding principal amount of the Notes, (ii) upon the occurrence of a Regulatory Event prior to the Optional Redemption Date, the Notes may be redeemed at the outstanding principal amount of the Notes or at their Make Whole Redemption Price, as specified in the applicable Final Terms, or (iii) upon the occurrence of an Other Tax Event, the Notes may be redeemed on or after the Optional Redemption Date at the outstanding principal amount of the Notes or at their Make Whole Redemption Price, as specified in the applicable Final Terms, together, in each case, with accrued interest to the Redemption Date and the aggregate amount of any Arrears of Interest.

In the case of Tier 2 Notes in respect of which the Tax Event Redemption, Tax Event Redemption and Refinancing Option, Regulatory Event Redemption and Regulatory Event Refinancing Option is specified in the applicable Final Terms, the Issuer may, at any time upon the occurrence of a Tax Event or Regulatory Event (as applicable), also substitute the Notes, in whole but not in part, for or vary their terms and conditions and/or the terms of the Trust Deed such that they are treated as an issue of Qualifying Tier 2 Capital in accordance with the procedures specified in Condition 13.8 of the Terms and Conditions of the Tier 2 Notes, respectively.

For the purposes of Tier 2 Notes, a Regulatory Event may be deemed to have occurred if the Notes would no longer be eligible to qualify either (i) as Tier 2 Capital for the purposes of the Issuer, the Group or any insurance undertaking within the Group whether on a solo, group or consolidated basis; or (ii) as cover for capital requirements or treated as tier 2 “own funds” (howsoever described in the Capital Regulations) applicable to the Issuer, the Group or any insurance undertaking within the Group whether on a solo, group or consolidated basis, except where such non-qualification is as a result of any other applicable limitation on the amount of such capital.

Investors should note that Notes issued which are not eligible to qualify as Tier 2 Own Funds or Tier 2 Capital and/or are issued with terms which do not comply with the applicable rules relating to Solvency II may be immediately subject to the applicable redemption, variation or substitution rights of the Issuer, as specified in the applicable Final Terms. There is no requirement that such event(s) may only arise as a result of a change in law after the date on which agreement is reached to issue the Notes. The amount payable to investors on redemption of the Notes in such circumstances will be set out in the applicable Final Terms and may not be fully compensatory.

In the case of Tier 2 Notes, if, on the Redemption Date, redemption does not occur as a result of the Issuer not being in compliance with the Solvency Capital Requirement or the Minimum Capital Requirement on and immediately after the relevant Redemption Date, such Notes will only be redeemed upon the earlier of (i) 10 Business Days after the date on which the Issuer is in compliance with the Solvency Capital Requirement and the Minimum Capital Requirement provided that redemption of the Notes on such date would not result in the Issuer being in breach of the Solvency Capital Requirement or the Minimum Capital Requirement; (ii) 10 Business Days after the PRA has notified the Issuer of its waiver of or agreement to the redemption of the Notes; or (iii) the date on which an order is made, or an effective resolution is passed, for the winding-up in England and Wales of the Issuer (except a solvent winding-up solely for the purpose of a reconstruction or amalgamation or substitution of the Issuer) at their principal amount or, if applicable, the Make Whole Redemption Price.

### ***Risks related to Notes which are linked to “benchmarks”***

*The regulation and reform of “benchmarks” may adversely affect the value of Notes linked to or referencing such “benchmarks”*

Interest rates and indices which are deemed to be “benchmarks” (such as, in the case of Floating Rate Notes, a Reference Rate, or, in the case of Reset Notes, a Mid Swap Benchmark Rate), are the subject of recent national and international regulatory guidance and proposals for reform. 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, 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”. The Benchmarks Regulation was published in the Official Journal of the European Union on 29 June, 2016 and has applied since 1 January, 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It, among other things, (i) requires benchmark administrators to be authorised or registered (or, if non-EU based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of “benchmarks” of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Notes linked to or referencing a “benchmark”, in particular, if the methodology or other terms of the “benchmark” are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the “benchmark”.

More broadly, any of the national or international 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. Such factors may have the following effects on certain “benchmarks”: (i) discourage market participants from continuing to administer or contribute to the “benchmark”; (ii) trigger changes in the rules or methodologies used in the “benchmark” or (iii) lead to the disappearance of the “benchmark”. Any of the above changes or any other consequential changes as a result of national or international reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing a “benchmark”.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms in making any investment decision with respect to any Notes linked to or referencing a “benchmark”.

*Future unavailability or discontinuance of certain benchmark rates (for example, LIBOR or EURIBOR) may adversely affect the value of and return on Floating Rate Notes and/or Reset Notes which are linked to or which reference any such benchmark rate*

On 27 July, 2017, the Chief Executive of the FCA, which regulates LIBOR, announced that it will no longer persuade, or use its powers to compel, panel banks to submit rates for the calculation of LIBOR after 2021 (the “**FCA Announcement**”). The FCA Announcement indicates that the



continuation of LIBOR, at least on the current basis, is not guaranteed after 2021. It is not possible to predict whether, and to what extent, panel banks will continue to provide LIBOR submissions to the administrator of LIBOR once the FCA ceases to persuade, or compel, such panel banks to do so. Beyond 2021, to the extent that LIBOR continues to be administered, LIBOR may perform differently than it did in the past and there could be other consequences that cannot be predicted.

Investors should be aware that if LIBOR, or any other benchmark, were discontinued or otherwise unavailable, the rate of interest on Floating Rate Notes and Reset Notes which are linked to or which reference such benchmark will be determined for the relevant period by the fallback provisions applicable to such Notes. The Terms and Conditions of the Notes provide for certain fallback arrangements in the event that a published benchmark, such as LIBOR, (including any page on which such benchmark may be published (or any successor service)) becomes unavailable. These fallback arrangements may require or result in adjustments to the interest calculation provisions of the Terms and Conditions of the Notes. Even prior to the implementation of any changes to any benchmark, or to the interest calculation provisions based on such benchmark, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect the operation of such benchmark during the term of the relevant Notes, as well as potentially adversely affecting both the return on any Notes which are linked to or which reference such benchmark and the trading market for such Notes.

In certain situations, including the relevant benchmark ceasing to be administered, where (i) in the case of Floating Rate Notes, Reference Rate Replacement is specified in the applicable Final Terms as being applicable and Screen Rate Determination is specified in the applicable Final Terms as the manner in which the rate of interest is to be determined or (ii) in the case of Reset Notes, Mid Swap Benchmark Rate Replacement is specified in the relevant Final Terms as being applicable (in each case, any such Notes being “**Relevant Notes**”), the fallback arrangements referenced in the preceding paragraph will include the possibility that:

- (A) the relevant rate of interest (or, as applicable, component thereof) could be set or, as the case may be, determined by reference to a successor rate or an alternative rate (as applicable) determined by an Independent Adviser or, if the Issuer is unable to appoint an Independent Adviser or the Independent Adviser appointed by the Issuer fails to make such determination, the Issuer; and
- (B) such successor rate or alternative rate (as applicable) may be adjusted (if required) by the relevant Independent Adviser or the Issuer (as applicable) (in the case of Relevant Notes which are Floating Rate Notes) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors as a result of the replacement of the relevant benchmark or (in the case of Relevant Notes which are Reset Notes) in order to take account of any adjustment factor to make such rate comparable to rates quoted on the basis of the Mid Swap Benchmark Rate being replaced,

in each such case, with the Independent Adviser or Issuer (as applicable) acting in good faith and in a commercially reasonable manner, as more fully described in the Terms and Conditions of the Notes.

No consent of the Holders shall be required in connection with effecting any successor rate or alternative rate (as applicable). In addition, no consent of the Holders shall be required in connection with any other related adjustments and/or amendments to the Terms and Conditions of the Notes (or any other document) which are made in order to effect any successor rate or alternative rate (as applicable).

In certain circumstances, the ultimate fallback for a particular Interest Period or Reset Period (as applicable), including where no successor or alternative rate (as applicable) is determined, may be that the rate of interest for the last preceding Interest Period or Reset Period (as applicable) is used for the following Interest Period or Reset Period (as applicable). This may result in the effective application of a fixed rate for Floating Rate Notes or Reset Notes (as applicable) based on the rate which was last observed on the applicable screen page. In addition, due to the uncertainty concerning the availability of successor rates and alternative rates and the involvement of an Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value of and return on any such Notes. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant rate could affect the ability of the Issuer to meet its obligations under the Floating Rate Notes or Reset Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Floating Rate Notes or Reset Notes. Investors should note that, in the case of Relevant Notes, the relevant Independent Adviser or the Issuer (as applicable) will have discretion to adjust the relevant successor rate or alternative rate (as applicable) in the circumstances described above. Any such adjustment could have unexpected commercial consequences and there can be no assurance that, due to the particular circumstances of each Holder, any such adjustment will be favourable to each Holder.

Investors should consider all of these matters when making their investment decision with respect to the relevant Floating Rate Notes or Reset Notes.

#### ***Risks related to Notes in respect of which Issuer Optional Substitution applies***

In the case of Notes in respect of which Issuer Optional Substitution applies (“**Substitutable Notes**”), the Trustee shall, at the request of the Issuer and without the consent of the Holders, agree to effect the substitution of any subsidiaries of the Issuer (a “**New M&G Prudential HoldCo**”) in the place of the Issuer as principal debtor under the Trust Deed, the Notes and the Coupons, provided that (i) New M&G Prudential HoldCo shall be: (A) a Holding Company of M&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&G Prudential HoldCo shall certify to the Trustee that New M&G Prudential HoldCo is solvent at the time at which the substitution is effected and will be solvent immediately thereafter; (iii) two directors of the Issuer shall certify to the Trustee that no Default has occurred and is continuing at the time at which the substitution is effect; (iv) all authorisations, consents, approvals, filings, notifications and registrations required in connection with the substitution have been obtained and effected; and (v) the Issuer or New M&G Prudential HoldCo shall give or procure to be given to the Trustee such customary legal opinions as the Trustee shall properly require and in such form as the Trustee shall properly require for the purpose of the discharge of exercise of the Trustee’s duties in connection with the substitution.

Where this feature applies to a Series of Notes, it will give rise to particular risks for potential investors in those Notes. Set out below is a description of certain such risks, each of which may materially adversely impact the value of the Substitutable Notes.

*Following a demerger, M&G Prudential or Prudential could fail to meet the challenges involved in operating successfully as a stand-alone business*

If M&G Prudential is demerged from Prudential, both entities will have different investment characteristics and opportunities when compared with the Issuer at the date of this Prospectus. Both entities will be smaller and less diversified than the Issuer at the date of this Prospectus. In particular, the geographical diversification of the respective groups within which each of the Issuer and M&G Prudential exist will be narrower than that of the Issuer at the date of this Prospectus.

Both entities will face a number of challenges relating to successful operation as a stand-alone business. These challenges include, without limitation, ensuring that the demerger does not result in adverse changes in its operational, back office, customer facing and IT functions or in its standards of business or relationships with customers or relevant counterparties. Any failure of either entity to meet such challenges could have an adverse impact on its business, reputation, financial strength and results.

If a substitution is effected, the value of the Substitutable Notes could be materially adversely impacted by the impact of these risks on New M&G Prudential HoldCo. If a substitution is not effected, the value of the Substitutable Notes could be materially adversely impacted by the impact of these risks on Prudential.

*The assets and financial position of New M&G Prudential HoldCo may be subject to material deterioration between the date on which the Substitutable Notes are issued and the date on which a substitution is effected*

Other than a certification as to the solvency of New M&G Prudential HoldCo, the Terms and Conditions of the Notes contain no requirements as to the nature, scope or condition of the assets, liabilities, business or activities of New M&G Prudential HoldCo or its subsidiaries at the time at which a substitution is effected. In particular, no assurance can be given as to the assets, liabilities and financial position of M&G Prudential (which is expected to be New M&G Prudential HoldCo's principal asset) as at that date and these may be materially different from its assets, liabilities and financial position when compared to those referred to in this Prospectus or those existing as at the date on which the relevant Substitutable Notes are issued.

*There is no prior trading record for notes in respect of which New M&G Prudential HoldCo is issuer*

Since there has been no prior trading of notes in respect of which New M&G Prudential HoldCo is issuer, the market value and liquidity of the Substitutable Notes following substitution is uncertain. Accordingly, the market price of Substitutable Notes may not properly reflect the financial strength or assets of New M&G Prudential HoldCo (including M&G Prudential) and the

price at which Holders are able to trade such Notes will be influenced by a number of factors outside the control of New M&G Prudential HoldCo.

### *Ratings*

M&G Prudential does not currently have a separate credit rating. There can also be no assurance as to whether New M&G Prudential HoldCo will obtain a credit rating or as to the level of any credit rating which it may obtain. Credit ratings are one of the factors used by the market to measure an entity's ability to meet its obligations, including to its policyholders. Accordingly, they represent an important factor affecting public confidence and competitiveness.

Failure to obtain a credit rating, or the assignment of a credit rating below the market's expectations, would have an adverse effect on a substitute issuer's financial flexibility, as well as its ability to market products and retain current policyholders. In addition, the interest rates it would pay on its borrowings will be affected by its credit ratings, which may affect its cash flows and ability to meet its contractual obligations.

See *"Downgrades in Prudential's financial strength and credit ratings could significantly impact its competitive position and damage its relationships with creditors or trading counterparties"* above in respect of the credit rating of The Prudential Assurance Company Limited.

*Following exercise of the Issuer Optional Substitution, New M&G Prudential HoldCo will be the sole obligor in respect of the Substitutable Notes*

The substitution of New M&G Prudential HoldCo as principal debtor under the Substitutable Notes (and in respect of the Trust Deed and Coupons in connection therewith) is at the sole election of the Issuer, subject only to the conditions set out above. Following such a substitution, Prudential will cease to be a debtor in respect of the Substitutable Notes. Holders of Substitutable Notes and any related Coupons will accordingly have recourse solely to New M&G Prudential HoldCo in respect of payments of interest and principal in respect thereof. No assurance can be given that the assets, liabilities and financial position of New M&G Prudential HoldCo will be equivalent to those of Prudential and they may be materially worse.

See further *"The assets and financial position of New M&G Prudential HoldCo may be subject to material deterioration between the date on which the Substitutable Notes are issued and the date on which a substitution is effected"* above in respect of the assets and financial position of New M&G Prudential HoldCo.

*Following exercise of the Issuer Optional Substitution, payments of interest and principal on Tier 2 Notes that are Substitutable Notes and any related Coupons will be subject to the regulatory capital position of New M&G Prudential HoldCo and its subsidiaries*

All payments on Substitutable Notes which are Tier 2 Notes, their respective Coupons or under the Trust Deed relating to them or arising therefrom (other than certain payments made to the Trustee in accordance with the Trust Deed) will be conditional upon: (i) the relevant 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 in respect of the relevant issuer being met both at the time of, and immediately after, any such payment. See further “*Deferral of payments*” above.

On issuance of any Substitutable Notes, the relevant issuer for the purposes of the Solvency Condition, Solvency Capital Requirement and Minimum Capital Requirement will be Prudential. Following a substitution resulting from the exercise of the Issuer Optional Substitution, the relevant issuer for these purposes will be New M&G Prudential HoldCo.

The capital position (and therefore ability to comply with the Solvency Condition, Solvency Capital Requirement and Minimum Capital Requirement) of New M&G Prudential HoldCo will be subject to a number of factors prior to, at the point of and following demerger. These include, but are not limited to, the performance of M&G Prudential and financial markets generally, the risk appetite to be agreed for M&G Prudential, final decisions to be taken by Prudential and, once established, New M&G Prudential HoldCo, which will impact the post-demerger balance sheet of New M&G Prudential HoldCo (including the quantum of new debt in respect of which New M&G Prudential HoldCo will become the issuer and the amount of any dividend to be paid from New M&G Prudential HoldCo to Prudential to enable repayment of a portion of Prudential’s existing debt) and the need for regulatory approvals.

Accordingly, there is a risk that New M&G Prudential HoldCo’s Solvency II ratio prior to, at the point of or following demerger, may be lower than the FY 2017 pro forma solvency II capital position of The Prudential Assurance Company Limited set out on page 210. Accordingly, Holders of Substitutable Notes may be exposed to an increased risk that payments of interest and repayments of principal may be deferred. See further “*Deferral of payments*” above.

*Following exercise of the Issuer Optional Substitution, payments of interest and principal on Tier 2 Notes that are subject to Capital Adequacy Condition Deferral will be subject to the regulatory capital position of New M&G Prudential HoldCo and its subsidiaries*

The Final Terms in respect of Substitutable Notes which are Tier 2 Notes may specify that such Substitutable Notes are subject to Capital Adequacy Condition Deferral. In respect of such Substitutable Notes, the relevant issuer may (save where the Dividend and Capital Restriction is specified to apply, as further described in “*Deferral of payments*” above) elect to defer the payment of interest on such Substitutable Notes on any Interest Payment Date on which the relevant issuer determines at its sole discretion (by reference to that entity’s then current financial condition) that either: (i) the Capital Adequacy Condition will not be met both at the time of and immediately after making the relevant interest payment; or (ii) it is required under the terms of any Parity Security issued prior to 1 January, 2016 to defer payment of interest on the Tier 2 Notes on such Interest Payment Date.

On issuance of any Substitutable Notes, the relevant issuer for the purposes of the Capital Adequacy Condition will be Prudential. Following a substitution resulting from the exercise of the Issuer Optional Substitution, the relevant issuer for these purposes will be New M&G Prudential HoldCo. No assurance can be given that the capital position (and therefore ability to comply with the Capital Adequacy Condition) of New M&G Prudential HoldCo will be equivalent to that of Prudential and it may be significantly worse. Accordingly, Holders of Substitutable Notes may be exposed to an increased risk that payments of interest may be deferred. See further “*Deferral of payments*” above.

### ***Risks related to Notes generally***

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

*The Terms and Conditions of the Notes contain provisions which may permit their modification without the consent of all investors and confer significant discretions on the Trustee which may be exercised without the consent of the Holders and without regard to the individual interests of particular Holders*

The Terms and Conditions of the Notes contain provisions for calling meetings of Holders 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.

The Terms and Conditions of the Notes also provide that the Trustee may, without the consent of Holders and without regard to the interests of particular Holders: (i) agree to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes; or (ii) determine that (a) in the case of Tier 2 Notes, any Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such or (b) in the case of Senior Notes, any Event of Default or Potential Event of Default shall not be treated as such; or (iii) agree to the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 15 of the Terms and Conditions of the Senior Notes or, as the case may be, Condition 21 of the Terms and Conditions of the Tier 2 Notes.

*The value of the Notes could be adversely affected by a change in English law or administrative practice*

The Terms and Conditions of the Notes are based on English law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant Notes and any such change could materially adversely impact the value of any Notes affected by it.

*Investors who hold less than the minimum Specified Denomination may be unable to sell their Notes and may adversely affected if definitive Notes are subsequently required to be issued*

In relation to any issue of Bearer Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in its account with the relevant clearing system 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 its account with the relevant clearing system at the relevant time may not receive a Definitive Bearer Note in respect of such holding (should Definitive Bearer Notes be printed) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

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

#### *Singapore taxation risk*

In the case of a Tranche of Notes which are issued in respect of which the applicable Final Terms includes a legend entitled “Notes intended to be Qualifying Debt Securities for the purposes of the Income Tax Act, Chapter 134 of Singapore”, such Tranche of Notes to be issued from time to time under the Programme during the period from the date of this Prospectus to 31 December, 2023 may be, pursuant to the Income Tax Act, Chapter 134 of Singapore (“ITA”) and the Monetary Authority of Singapore (“MAS”) Circular FSD Cir 11/2018 entitled “Extension of Tax Concessions for Promoting the Debt Market” issued by the MAS on 31 May, 2018 (the “MAS Circular”), “qualifying debt securities” for the purposes of the ITA, subject to the fulfilment of certain conditions more particularly described in the section “*Taxation – Singapore Taxation*” below. However, there is no assurance that such Tranche of Notes will continue to enjoy the tax exemptions or concessions in connection therewith should the relevant tax laws or MAS circulars be amended or revoked at any time.

#### *Uncertainty of characterisation of the Undated Notes for the purposes of the Income Tax Act of Singapore*

It is not clear whether any particular Tranche of Undated Notes (each a “Relevant Tranche of Undated Notes”) will be regarded as “debt securities” by the Inland Revenue Authority of Singapore (the “IRAS”) for the purposes of the ITA and, in the case of a Relevant Tranche of Undated Notes which are issued in respect of which the applicable Final Terms includes a legend entitled “Notes intended to be Qualifying Debt Securities for the purposes of the Income Tax Act, Chapter 134 of Singapore”, whether the tax concessions available for “qualifying debt securities” under the qualifying debt securities scheme (as set out in the section “*Taxation – Singapore Taxation*”) would apply to the Relevant Tranche of Undated Notes.

If a Relevant Tranche of Undated Notes is not regarded as “debt securities” for the purposes of the ITA and holders thereof are not eligible for the tax concessions under the qualifying debt securities scheme, the tax treatment to such holders may differ. Investors and holders of a Relevant Tranche of Undated Notes should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of such Relevant Tranche of Undated Notes.

The Issuer may request an advance tax ruling from the IRAS to confirm, amongst other things, whether a Relevant Tranche of Undated Notes would be regarded as “debt securities” for the purposes of the ITA and therefore if the holders of such Notes may be eligible for the tax concessions available for qualifying debt securities under the qualifying debt securities scheme. There is no guarantee that a ruling will be applied for or a favourable ruling will be obtained from

the IRAS or that the Issuer will be able to complete the documentation requests of the IRAS for the purposes of the ruling request.

*The Issuer's obligation, if any, to pay additional amounts in respect of any deduction or withholding in respect of taxes imposed in the United Kingdom under the terms of the Tier 2 Notes applies only to interest payments and not to payments of principal*

The Issuer would not be required to pay any additional amounts under the terms of the Tier 2 Notes to the extent any deduction or withholding in respect of taxes imposed in the United Kingdom applied to payments of principal thereunder. Accordingly, if any such deduction or withholding were to apply to any payments of principal under the Tier 2 Notes, Holders would receive less than the full amount that would otherwise be due to them under the Tier 2 Notes, and the market value of the Tier 2 Notes may be adversely affected as a result.

### **Risks related to the market generally**

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

*An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell its Notes*

Notes may have no established trading market when issued, and one may never develop (for example, Notes may be allocated to a limited pool of investors). 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. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have an adverse effect on the market value of Notes.

*If an investor holds Notes which are not denominated in the investor's home currency, it will be exposed to movements in exchange rates adversely affecting the value of its holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes*

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 (i) the Investor's Currency equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes.



Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

*The value of Fixed Rate Notes may be adversely affected by movements in market interest rates*

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

*Credit ratings assigned to the Issuer or any Notes may not reflect all the risks associated with an investment in those Notes*

One or more independent credit rating agencies may assign credit ratings to the Issuer or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to certain exceptions. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the front page and pages 8 and 9 of this Prospectus and will be disclosed in the Final Terms.

#### *Yield*

Potential investors should note that any indication of yield (i.e. income return on the Notes) stated within the Final Terms of the Notes applies only to investments made at the issue price of the relevant Notes, and not to investments made above or below the issue price of those Notes. This is because the stated yield is calculated as a “current yield”, which is determined as at the issue date of the Notes by reference to the following formula:

$$\text{current yield} = \frac{\text{annual interest rate}}{\text{Issue Price}}$$

If you invest in Notes at a price above or below the issue price of those Notes, the yield on that investment will be different from any indication of the yield set out in the applicable Final Terms.

No indication of yield will be included in the applicable Final Terms in respect of any Floating Rate Notes.

## SUMMARY FINANCIAL INFORMATION

The following tables present the profit and loss account and balance sheet data for the years ended and as at 31 December, 2016 and 31 December, 2017. The information has been derived from the Issuer's audited consolidated financial statements for the year ended 31 December, 2017 audited by KPMG LLP.

### Audited Consolidated Financial Statements

	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 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 .....	<b>2,390</b>	<b>1,921</b>
Operating earnings per share (reflecting operating profit based on longer-term investment return).....	<b>145.2p</b>	<b>131.3p</b>
<p>* The 2016 comparative results have been re-presented from those previously published following the reassessment of the Group's operating segments further to the combination during 2017 of the Group's UK insurance business and M&amp;G to form M&amp;G Prudential.</p> <p>** The UK and Europe operations (M&amp;G Prudential) operating profit based on longer-term investment returns in 2017 of £1,378 million (2016: £1,253 million) comprised contribution from the life insurance business of £861 million (2016: £799 million), asset management business of £500 million (2016: £425 million) and general insurance commission of £17 million (2016: £29 million). Within the total life insurance result of £861 million (2016: £799 million), the contribution from the core with-profits and in-force annuity business was £597 million (2016: £601 million). Core refers to the underlying profit of the UK and Europe insurance business excluding the effect of, for example, management actions to improve solvency and material assumption changes. The balance of the life insurance result reflected the contribution from other activities which are not expected to recur to the same extent going forward.</p>		

	Year ended 31 December	
	2017	2016
Basic earnings per share .....	<b>93.1p</b>	<b>75.0p</b>
Shareholders' equity, excluding non-controlling interests .....	<b>£16.1bn</b>	<b>£14.7bn</b>
Dividends per share relating to reporting period:		
First interim ordinary dividend .....	<b>14.50p</b>	<b>12.93p</b>
Second interim ordinary dividend .....	<b>32.50p</b>	<b>30.57p</b>
<b>Total .....</b>	<b>47.00p</b>	<b>43.50p</b>
Dividends per share paid in reporting period:		
Current year first interim ordinary dividend.....	<b>14.50p</b>	<b>12.93p</b>
Second interim ordinary dividend for prior year .....	<b>30.57p</b>	<b>26.47p</b>
Special dividend .....	<b>-</b>	<b>10.00p</b>
<b>Total .....</b>	<b>45.07p</b>	<b>49.40p</b>
Funds under management.....	<b>£669.3bn</b>	<b>£602.3bn</b>

The Issuer prepared the above accounts in accordance with IFRS as endorsed by the European Union (EU).

## TERMS AND CONDITIONS OF SENIOR NOTES

*The following, except for paragraphs in italics (which are in the nature of explanatory notes and do not form part of the Terms and Conditions of the Senior Notes), are the Terms and Conditions of the Senior Notes (the "Notes") which, as completed in accordance with the provisions of Part A of the applicable Final Terms, will be applicable to each Tranche of Notes. Either: (i) the full text of these Terms and Conditions together with the relevant provisions of Part A of the Final Terms; or (ii) these Terms and Conditions as so completed, shall be endorsed on the Bearer Notes (as defined below) or on the certificates relating to the Registered Notes (as defined below). Certain provisions relating to such Notes while in global form, and certain modifications of these Terms and Conditions applicable to such Notes while in global form, are described in the section entitled "Provisions relating to the Notes while in Global Form".*

This Note is issued by Prudential plc ("Prudential" or the "Issuer") and is one of a Series (as defined below) of Notes constituted by a Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the "Trust Deed") dated 22 November, 2001 and made between Prudential and The Law Debenture Trust Corporation p.l.c. as trustee (the "Trustee", which expression shall include any successor trustee) for the Holders (as defined below) of such Notes. References herein to the "Notes" shall be references to the Notes of this Series. As used herein, "Tranche" means Notes which are identical in all respects (including as to listing) and "Series" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are: (i) expressed to be consolidated and form a single Series; and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

The Notes and the Coupons (as defined below) have the benefit of an Agency Agreement (such Agency Agreement as modified and/or supplemented and/or restated from time to time, the "Agency Agreement") dated 16 May, 2016 and made between Prudential, Citibank, N.A., London Office as issuing and principal paying agent and agent bank (the "Issue and Paying Agent", which expression shall include any successor agent), Citibank, N.A., London Office as registrar in respect of Notes in registered form and as paying agent (the "Registrar", which expression shall include any successor registrar and, together with the Issue and Paying Agent, unless the context otherwise requires, the "Paying Agents", which expression shall include any additional or successor paying agents) and the Trustee.

The Final Terms for this Note (or the relevant provisions thereof) are attached to or endorsed on this Note and complete these Terms and Conditions (these "Conditions") for the purposes of this Note. References to the "Final Terms" are to the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

Copies of the Trust Deed and the Agency Agreement are available for inspection on weekdays during normal business hours at the registered office of the Issuer, the registered office for the time being of the Trustee (being at Fifth Floor, 100 Wood Street, London EC2V 7EX) and at the specified office of the Issue and Paying Agent. Copies of the Final Terms are available for viewing on weekdays during normal business hours at the registered office for the time being of the Issuer, the registered office for the time being of the Trustee and at the specified office of the Issue and Paying Agent. In addition, copies of each Final Terms relating to Notes which are admitted to trading on the London Stock Exchange's regulated market will be published on the website of the

London Stock Exchange through a regulatory information service. Copies of each Final Terms relating to Notes which are admitted to trading on any other regulated market in the European Economic Area will be published in accordance with Article 14(2) of the Prospectus Directive and the rules and regulations of the relevant regulated market. The Holders are deemed to have notice of, are entitled to the benefit of, and are bound by, all the provisions of the Trust Deed, the Agency Agreement and the Final Terms which are applicable to them. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed.

Words and expressions defined in the Trust Deed or the Agency Agreement or used in the Final Terms shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed will prevail and, in the event of inconsistency between the Trust Deed or the Agency Agreement and the Final Terms, the Final Terms will prevail.

## **1. FORM AND DENOMINATION**

### **1.1 Form**

Notes are issued in bearer form (“Bearer Notes”) or in registered form (“Registered Notes”), as specified in the Final Terms, serially numbered and in the currency (the “Specified Currency”) and the denomination(s) (the “Specified Denomination(s)”) specified in the Final Terms provided that in the case of Notes which are to be admitted to trading on a regulated market within the European Economic Area the minimum Specified Denomination shall be €1,000 (or its equivalent in any other currency as at the date of issue of the relevant Note). Registered Notes are not exchangeable for Bearer Notes or vice versa. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

### **1.2 Coupons and Talons**

Interest-bearing definitive Bearer Notes have attached thereto, at the time of their initial delivery, coupons (“Coupons”), presentation of which will be a prerequisite to the payment of interest save in certain circumstances specified herein. In addition, such Notes may have attached thereto, at the time of their initial delivery, a talon (“Talon”) for further coupons and the expression “Coupons” shall, where the context so requires, include Talons. If this Note is a Zero Coupon Note, references to Coupons and Couponholders in these Conditions are not applicable.

### **1.3 Interest Basis**

This Note may be a Fixed Rate Note, a Floating Rate Note (which term shall include an EONIA Linked Interest Note, a SONIA Linked Interest Note, a Federal Funds Rate Linked Interest Note or a CMS Linked Interest Note if this Note is specified as such in the Final Terms), a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the Final Terms.

#### **1.4 Denomination of Bearer Notes**

Bearer Notes are in the Specified Denomination or Denominations specified in the Final Terms.

#### **1.5 Denomination of Registered Notes**

Registered Notes are in the minimum Specified Denomination or Denominations specified in the Final Terms or integral multiples thereof.

#### **1.6 Currency of Notes**

The Notes are denominated in the Specified Currency specified in the Final Terms. Any currency may be so specified, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

### **2. TITLE AND TRANSFER**

#### **2.1 Title to Bearer Notes**

Title to Bearer Notes and Coupons passes by delivery. References herein to the “Holders” in relation to Bearer Notes or Coupons are to the bearers of such Bearer Notes or such Coupons.

#### **2.2 Title to Registered Notes**

Title to Registered Notes passes by registration in the register which the Issuer shall procure to be kept by the Registrar. References herein to the “Holders” in relation to Registered Notes are to the persons in whose names such Registered Notes are so registered in the relevant register.

#### **2.3 Holder as Owner**

The Holder of any Bearer Note, Coupon or Registered Note will (except as otherwise required by applicable law or regulatory requirement) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest thereof or therein, any writing thereon or any theft or loss thereof) and no person shall be liable for so treating such Holder.

#### **2.4 Transfer of Registered Notes**

A Registered Note may, upon the terms and subject to the conditions set forth in the Agency Agreement, be transferred in whole or in part only (provided that such part is, or is an integral multiple of, the minimum Specified Denomination specified in the Final Terms) upon the surrender of the Registered Note to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar. A new Registered Note will be issued to the transferee and, in the case of a

transfer of part only of a Registered Note, a new Registered Note in respect of the balance not transferred will be issued to the transferor.

## **2.5 New Registered Notes**

Each new Registered Note to be issued upon the transfer of a Registered Note will, within five Relevant Banking Days of the transfer date, be available for collection by each relevant Holder at the specified office of the Registrar or, at the option of the Holder requesting such transfer, be mailed (by uninsured post at the risk of the Holder(s) entitled thereto) to such address as may be specified by such Holder. For these purposes, a form of transfer received by the Registrar after the Record Date (as defined in Condition 6.4) in respect of any payment due in respect of Registered Notes shall be deemed not to be effectively received by the Registrar until the day following the due date for such payment. For the purposes of these Conditions:

- (a) “Relevant Banking Day” means a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the place where the specified office of the Registrar is located; and
- (b) the “transfer date” shall be the Relevant Banking Day following the day on which the relevant Registered Note shall have been surrendered for transfer in accordance with Condition 2.4.

## **2.6 No Charges upon Transfer**

The issue of new Registered Notes on transfer will be effected without charge by or on behalf of the Issuer or the Registrar, but upon payment by the applicant of (or the giving by the applicant of such indemnity as the Issuer or the Registrar may require in respect of) any tax, duty or other governmental charge of whatsoever nature which may be levied or imposed in relation thereto.

## **2.7 144A Legend**

Upon the transfer or replacement of Definitive Registered Notes or Rule 144A Global Notes bearing the 144A legend (the “144A Legend”) set forth in the relevant form of Registered Note scheduled to the Trust Deed, or upon specific request for removal of the 144A Legend, the Registrar shall deliver only Registered Notes that also bear such legend unless there is delivered to the Issuer and the Registrar such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of counsel experienced in giving opinions with respect to questions arising under the securities laws of the United States, that neither such legend nor the restrictions on transfer set forth therein are required in order to maintain compliance with the provisions of such laws.

The Issuer covenants and agrees that it will not acquire any beneficial interest, and will cause its affiliates not to acquire any beneficial interest, in any Registered Note bearing the 144A Legend unless it notifies the Registrar of such acquisition. Each Paying Agent, the Registrar, the Trustee and all Holders shall be entitled to rely without further investigation on any such notification (or lack thereof).



## **2.8 Information to Holders**

For so long as any of the Registered Notes bearing the 144A Legend remains outstanding and is a “restricted security” within the meaning of Rule 144(a)(3) under the United States Securities Act of 1933 (the “Securities Act”), the Issuer covenants and agrees that it shall, during any period in which it is not subject to Section 13 or 15(d) under the United States Securities Exchange Act 1934, as amended (the “Exchange Act”) nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, make available to any Holder at the specified office of each of the Paying Agents and the Registrar in connection with any sale thereof and any prospective purchaser of such Notes from such Holder, in each case upon request, the information specified in, and meeting the requirements of, Rule 144A(d)(4) in relation to it, under the Securities Act.

## **3. STATUS OF THE NOTES**

The Notes and any relative Coupons are direct and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and rank and will rank without any preference among themselves and (subject as aforesaid and to such exceptions as are from time to time applicable under the laws of the United Kingdom) *pari passu* with all other outstanding, unsecured and unsubordinated obligations of the Issuer.

## **4. NEGATIVE PLEDGE**

So long as any of the Notes remains outstanding (as defined in the Trust Deed) the Issuer will not, and will procure (so far as the Issuer can procure by the proper exercise of voting and other rights or powers of control exercisable by the Issuer in relation to Subsidiaries (as defined in the Trust Deed)) that the Principal Subsidiary (as defined below) will not, create or permit to subsist any mortgage or charge upon the whole or any part of its undertaking or assets (other than assets representing the fund or funds maintained by the Issuer or, as the case may be, the Principal Subsidiary in respect of long-term business (as defined in the Financial Services and Markets Act 2000)), present or future, to secure payment of any present or future Relevant Indebtedness (as defined below) of the Issuer or any Subsidiary or to secure any guarantee or indemnity in respect thereof, without at the same time according to the Notes, the Coupons and all amounts payable under the Trust Deed in respect thereof to the satisfaction of the Trustee, the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity, or such other security as the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Holders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Holders.

For the purposes of this Condition 4:

“Principal Subsidiary” means The Prudential Assurance Company Limited but, in the case of this Condition and paragraphs (iii) to (vii) (inclusive) of Condition 10, only for so long as it remains a Subsidiary of Prudential; and

“Relevant Indebtedness” means any indebtedness for borrowed money (other than indebtedness in the form of sterling debenture stock (as defined in the Trust Deed) or

indebtedness which has a stated maturity not exceeding one year) which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which, with the agreement of the Issuer or any Subsidiary, as the case may be, are quoted, listed, dealt in or traded on a stock exchange or over the counter or other recognised securities market (whether or not distributed by way of private placement) excluding any indebtedness for borrowed money in respect of which the person to whom such indebtedness is owed has no recourse whatsoever to the Issuer or the Principal Subsidiary, as the case may be, for repayment other than recourse for amounts limited to the cash flow or net cash flow (other than historical cash flow or historical net cash flow) from such asset.

## **5. INTEREST**

### **5A Interest on Fixed Rate Notes**

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) (as specified in the Final Terms) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payment of any Broken Amount will be made on the Interest Payment Date so specified in the Final Terms.

As used in these Conditions, "Fixed Interest Period" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where a Fixed Coupon Amount or Broken Amount is specified in the Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (a) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or
- (b) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form comprises more than one Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

For the purposes of this Condition 5A:

“Day Count Fraction” means, in respect of the calculation of an amount of interest in accordance with this Condition 5A:

- (i) if “Actual/Actual (ICMA)” is specified in the Final Terms:
  - (a) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “Accrual Period”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the Final Terms) that would occur in one calendar year; or
  - (b) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the Final Terms) that would occur in one calendar year; and
    - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (ii) if “30/360” is specified in the Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360;

“Determination Period” means the period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on, the Determination Date falling after, such date); and

“sub-unit” means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

## **5B Interest on Floating Rate Notes**

### **5B.1 Interest Payment Dates**

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (a) the Specified Interest Payment Date(s) (each an "Interest Payment Date") in each year specified in the Final Terms; or
- (b) if no Specified Interest Payment Date(s) is/are specified in the Final Terms, each date (each an "Interest Payment Date") which falls the number of months or other period specified as the Specified Period in the Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the Final Terms and: (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur; or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) in any case where Specified Periods are specified in accordance with Condition 5B.1(b) above, the Floating Rate Convention, such Interest Payment Date: (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (D) below shall apply *mutatis mutandis*; or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, “Business Day” means a day which is both:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each Additional Business Centre specified in the Final Terms; and
- (b) either: (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); or (2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System or any successor thereto (the “TARGET2 System”) is open.

#### **5B.2** *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the Final Terms.

#### **5B.3** *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the Final Terms) the Margin (if any). For the purposes of this Condition 5B.3, “ISDA Rate” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Issue and Paying Agent under an interest rate swap transaction if the Issue and Paying Agent were acting as Calculation Agent (as defined below) for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the “ISDA Definitions”) and under which:

- (1) the Floating Rate Option is as specified in the Final Terms;
- (2) the Designated Maturity is a period specified in the Final Terms; and
- (3) the relevant Reset Date is the day specified in the Final Terms.

For the purposes of this Condition 5B.3, “Floating Rate”, “Calculation Agent”, “Floating Rate Option”, “Designated Maturity” and “Reset Date” have the meanings given to those terms in the ISDA Definitions.

#### 5B.4 Screen Rate Determination for Floating Rate Notes

##### A. *Floating Rate Notes other than EONIA Linked Interest Notes, SONIA Linked Interest Notes, Federal Funds Rate Linked Interest Notes or CMS Linked Interest Notes*

Where Screen Rate Determination is specified in the Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (i) the offered quotation; or
- (ii) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) 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 (or such replacement page on that service which displays the information) as at the Relevant Time on the Interest Determination Date in question plus or minus (as indicated in the Final Terms) the Margin (if any), all as determined by the Issue and Paying 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 Issue and Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of (i) above, no offered quotation appears or, in the case of (ii) above, fewer than three offered quotations appear, in each case as at the Relevant Time, the Issue and Paying Agent shall request each of the Reference Banks (as defined below) to provide the Issue and Paying Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Relevant Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Issue and Paying Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Issue and Paying Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Issue and Paying Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Issue and Paying Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Issue and Paying Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Relevant 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 the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or if the Reference Rate is other than LIBOR or EURIBOR, the inter-bank market of the Relevant Financial Centre plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Issue and Paying Agent with offered rates, 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 (rounded as provided above) 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, at approximately the Relevant 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 the purpose) informs the Issue and Paying Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or if the Reference Rate is other than LIBOR or EURIBOR, the inter-bank market of the Relevant Financial Centre plus or minus (as appropriate) the Margin (if any), 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 is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

For the purposes of this Condition 5B.4A, in each case subject to Condition 5B.4B:

“Reference Banks” means, in the case of a determination of LIBOR, the principal London office of four major banks in the London interbank market; in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone interbank market; and, in the case of a determination of a Reference Rate other than LIBOR or EURIBOR, the principal office in the Relevant Financial Centre of four major banks in the interbank market of the Relevant Financial Centre, in each case selected by the Issue and Paying Agent;

“Reference Rate” means, as specified in the Final Terms, (i) the London interbank offered rate (“LIBOR”), (ii) the Euro-zone interbank offered rate (“EURIBOR”), (iii) the Singapore interbank offered rate (“SIBOR”), (iv) the Tokyo interbank offered rate (“TIBOR”), (v) the Hong Kong interbank offered rate (“HIBOR”) or (vi) the bank rate of the Bank of England (the “Bank of England Base Rate”), in each case for the relevant currency and for the relevant period (if applicable), as specified for each in the Final Terms;

“Relevant Financial Centre” means the financial centre specified as such in the Final Terms or if none is so specified: (i) in the case of a determination of LIBOR, London, (ii) in the case of a determination of EURIBOR, Brussels, (iii) in the case

of a determination of SIBOR, Singapore, (iv) in the case of a determination of TIBOR, Tokyo, (v) in the case of a determination of HIBOR, Hong Kong or (vi) in the case of a determination of the Bank of England Base Rate, London; and

“Relevant Time” means the time specified as such in the Final Terms or if none is so specified: (i) in the case of a determination of LIBOR, 11.00 a.m., (ii) in the case of a determination of EURIBOR, 11.00 a.m., (iii) in the case of a determination of SIBOR, 11.00 a.m., (iv) in the case of a determination of TIBOR, 11.00 a.m. (v) in the case of a determination of HIBOR, 11.00 a.m. or (vi) in the case of a determination of the Bank of England Base Rate, 11.00 a.m., in each case in the Relevant Financial Centre.

*B. Reference Rate Replacement*

If:

- (1) Reference Rate Replacement is specified as applicable in the Final Terms;
- (2) Screen Rate Determination is specified in the Final Terms as the manner in which the Rate of Interest is to be determined; and
- (3) the Issuer determines in its sole discretion, including, but not limited to, on the basis of a public statement by the administrator or the supervisor of the administrator of the Reference Rate specified in the Final Terms, that the relevant Reference Rate has ceased (or will cease, prior to the next following Interest Determination Date) to be calculated or administered or published by the relevant administrator (in circumstances where no successor administrator has been appointed that will continue publication of the relevant Reference Rate), or that there has otherwise taken place (or will otherwise take place, prior to the next following Interest Determination Date) a change in customary market practice in the international capital markets applicable generally to floating rate notes denominated in the Specified Currency (determined according to factors including, but not limited to, public statements, opinions and publications of industry bodies and organisations) to refer to a base rate other than the Reference Rate specified in the Final Terms despite the continued existence of such Reference Rate, when any Rate of Interest (or component thereof) remains to be determined by reference to the Reference Rate,

then the following provisions shall apply to the relevant Series of Notes:

- (a) The Issuer shall use reasonable endeavours to appoint an Independent Adviser, at the Issuer's own expense, to determine a Successor Reference Rate or, if such Independent Adviser is unable so to determine a Successor Reference Rate, an Alternative Reference Rate and, in each case, an Adjustment Spread (if any) (in any such case, acting in good



faith and in a commercially reasonable manner) for the purposes of determining the Rate of Interest applicable to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 5B.4B during any other future Interest Period(s)).

- (b) Subject to paragraph (c) of this Condition 5B.4B, if:
- (i) the relevant Independent Adviser (acting in good faith and in a commercially reasonable manner), no later than five Business Days prior to the Interest Determination Date relating to the next Interest Period (the “**IA Determination Cut-off Date**”), determines a Successor Reference Rate or, if such Independent Adviser fails so to determine a Successor Reference Rate, an Alternative Reference Rate and, in each case, an Adjustment Spread (if any) (in any such case, acting in good faith and in a commercially reasonable manner) for the purposes of determining the Rate of Interest applicable to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 5B.4B during any other future Interest Period(s)); or
  - (ii) the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by the Issuer in accordance with paragraph (a) of this Condition 5B.4B fails to determine a Successor Reference Rate or an Alternative Reference Rate prior to the relevant IA Determination Cut-off Date, the Issuer (acting in good faith and in a commercially reasonable manner), no later than three Business Days prior to the Interest Determination Date relating to the next Interest Period (the “**Issuer Determination Cut-off Date**”), determines a Successor Reference Rate or, if the Issuer fails so to determine a Successor Reference Rate, an Alternative Reference Rate (as applicable) and, in each case, an Adjustment Spread (if any) (in any such case, acting in good faith and in a commercially reasonable manner) for the purposes of determining the Rate of Interest applicable to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 5B.4B during any other future Interest Period(s)),

then:

- (A) such Successor Reference Rate or Alternative Reference Rate (as applicable) shall be the Reference Rate for all future Interest Periods (subject to the subsequent operation of this Condition 5B.4B during any other future Interest Period(s)).

Without prejudice to the definitions thereof, for the purposes of determining a Successor Reference Rate or Alternative

Reference Rate, the Issuer will take into account relevant and applicable market precedents as well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets and such other materials as the Issuer, in its sole discretion, considers appropriate; and

- (B) if the relevant Independent Adviser or the Issuer (as applicable):
  - (x) determines that an Adjustment Spread is required to be applied to the Successor Reference Rate or Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to such Successor Reference Rate or Alternative Reference Rate (as applicable) for all future Interest Periods (subject to the subsequent operation of this Condition 5B.4B); or
  - (y) is unable to determine the quantum of, or a formula or methodology for determining, an Adjustment Spread, or determines that no such Adjustment Spread is required, then such Successor Reference Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread for all future Interest Periods (subject to the subsequent operation of this Condition 5B.4B).

Without prejudice to the definition thereof, for the purposes of determining an Adjustment Spread (if any), the Issuer will take into account relevant and applicable market precedents as well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets and such other materials as the Issuer, in its sole discretion, considers appropriate.

- (c) Notwithstanding Condition 5B.4A above, if:
  - (i) the Independent Adviser appointed by the Issuer in accordance with paragraph (a) of this Condition 5B.4B notifies the Issuer prior to the IA Determination Cut-off Date that it has determined that no Successor Reference Rate or Alternative Reference Rate exists;
  - (ii) the Independent Adviser appointed by the Issuer in accordance with paragraph (a) of this Condition 5B.4B fails to determine a Successor Reference Rate or an Alternative Reference Rate prior to the relevant IA Determination Cut-off Date, without notifying the Issuer as contemplated in sub-paragraph (c)(i) of

this Condition 5B.4B, and the Issuer (acting in good faith and in a commercially reasonable manner) determines prior to the Issuer Determination Cut-off Date that no Successor Reference Rate or Alternative Reference Rate exists; or

- (iii) neither a Successor Reference Rate nor an Alternative Reference Rate is otherwise determined in accordance with paragraph (b) of this Condition 5B.4B prior to the Issuer Determination Cut-off Date,

the relevant Rate of Interest shall be determined as at the last preceding Interest Determination Date or, in the case of the first Interest Determination Date, the Rate of Interest shall be the Initial Rate of Interest (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

This paragraph (c) shall apply to the relevant Interest Period only. Any subsequent Interest Period(s) shall be subject to the operation of this Condition 5B.4B.

- (d) Promptly following the determination of any Successor Reference Rate or Alternative Reference Rate (as applicable) as described in this Condition 5B.4B, the Issuer shall give notice thereof and of any Adjustment Spread (and the effective date(s) thereof) pursuant to this Condition 5B.4B to the Trustee, the Issue and Paying Agent and the Holders.
- (e) The Trustee and the Issue and Paying Agent shall, at the direction and expense of the Issuer, effect such waivers and consequential amendments to the Trust Deed, the Agency Agreement, these Conditions and any other document as may be required to give effect to any application of this Condition 5B.4B, including, but not limited to:
  - (i) changes to these Conditions which the relevant Independent Adviser or the Issuer (as applicable) determines may be required in order to follow market practice (determined according to factors including, but not limited to, public statements, opinions and publications of industry bodies and organisations) in relation to such Successor Reference Rate or Alternative Reference Rate (as applicable), including, but not limited to (A) the relevant Business Centre(s), Business Day, Business Day Convention, Day Count Fraction, Interest Determination Date, Reference Banks, Relevant Financial Centre, Relevant Screen Page and/or Relevant Time applicable to the Notes and (B) the method for determining the fallback to the Rate of Interest in relation to the

Notes if such Successor Reference Rate or Alternative Reference Rate (as applicable) is not available; and

- (ii) any other changes which the relevant Independent Adviser or the Issuer (as applicable) determines are reasonably necessary to ensure the proper operation and comparability to the Reference Rate of such Successor Reference Rate or Alternative Reference Rate (as applicable),

Prior to any such waivers and/or consequential amendments taking effect, the Issuer shall provide a certificate signed by two Directors of the Issuer to the Trustee and the Issue and Paying Agent that such waivers and/or consequential amendments are required to give effect to any application of this Condition 5B.4B and the Trustee and the Issue and Paying Agent shall be entitled to rely on such certificate without further enquiry or liability to any person. For the avoidance of doubt, the Trustee shall not be liable to the Noteholders or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person. Such changes shall apply to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 5B.4B).

The Trustee shall not be obliged to agree to any modification if in the sole 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 rights and/or the protective provisions afforded to the Trustee in these Conditions or the Trust Deed.

No consent of the Holders shall be required in connection with effecting the relevant Successor Reference Rate or Alternative Reference Rate as described in this Condition 5B.4B or such other relevant adjustments pursuant to this Condition 5B.4B, or any Adjustment Spread, including for the execution of, or amendment to, any documents or the taking of other steps by the Issuer or any of the parties to the Trust Deed and/or the Agency Agreement (if required).

Notwithstanding any other provision of this Condition 5B.4B no Successor Reference Rate or Alternative Reference Rate will be adopted, and no other amendments to the terms of the Notes will be made pursuant to this Condition 5B.4B, if and to the extent that, in the sole determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as Tier 2 Capital of the Issuer or of the Group.

For the purposes of this Condition 5B.4B:

“Adjustment Spread” means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which is required to be applied

to a Successor Reference Rate or an Alternative Reference Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to Holders as a result of the replacement of the Reference Rate with such Successor Reference Rate or Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

- (a) in the case of a Successor Reference Rate, is formally recommended in relation to the replacement of the Reference Rate with such Successor Reference Rate by any Relevant Nominating Body; or
- (b) in the case of a Successor Reference Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the relevant Independent Adviser or the Issuer (as applicable) determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Reference Rate, where such rate has been replaced by such Successor Reference Rate or Alternative Reference Rate (as applicable); or
- (c) if no such customary market usage is recognised or acknowledged, the relevant Independent Adviser or the Issuer (as applicable) in its discretion determines (acting in good faith and in a commercially reasonable manner) to be appropriate;

“Alternative Reference Rate” means the rate which has replaced the Reference Rate in customary market usage in the international debt capital markets for the purposes of determining floating rates of interest in respect of notes denominated in the Specified Currency and of a comparable duration to the relevant Interest Periods, or, if the relevant Independent Adviser or the Issuer (as applicable) determines that there is no such rate, such other rate as such Independent Adviser or the Issuer (as applicable) determines in its discretion is most comparable to the Reference Rate;

“Independent Adviser” means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets;

“Relevant Nominating Body” means, in respect of any Reference Rate:

- (a) the central bank for the currency to which such Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of such Reference Rate; or
- (b) any working group or committee established, approved or sponsored by, chaired or co-chaired by or constituted at the request of (i) the central bank for the currency to which such Reference Rate relates, (ii) any central bank or other supervisory authority which is responsible for supervising the administrator of such Reference Rate, (iii) a group of the aforementioned

central banks or other supervisory authorities or (iv) the Financial Stability Board or any part thereof;

“Successor Reference Rate” means the rate which has been formally published, endorsed, approved, recommended or recognised as a successor or replacement to the relevant Reference Rate by any Relevant Nominating Body;

C. *Floating Rate Notes which are EONIA Linked Interest Notes*

Where the Reference Rate is specified as being EONIA, the Rate of Interest for each Interest Period will be the rate (expressed as a percentage per annum rounded to the nearest ten-thousandths of a percentage point, with 0.00005 being rounded upwards) which will be calculated by the Calculation Agent in accordance with provisions set out below and the following formula:

Capitalised EONIA + Margin

As used above:

“Capitalised EONIA” means the resultant figure of the following formula:

$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{EONIA_1 \times n_1}{360} \right) - 1 \right] \times \frac{360}{d};$$

“d<sub>0</sub>” means, for the relevant Interest Period, the number of TARGET Business Days in such Interest Period;

“i” means a series of whole numbers from one to d<sub>0</sub>, each representing the relevant TARGET Business Days in chronological order from, and including, the first TARGET Business Day in the relevant Interest Period;

“EONIA<sub>1</sub>” means, for any day “i” in the relevant Interest Period, a reference rate equal to the overnight rate as calculated by the European Central Bank and appearing on the Relevant Screen Page on the first TARGET Business Day following that day;

“n<sub>1</sub>” means the number of calendar days in the relevant Interest Period;

“d” means the number of calendar days in the relevant Interest Period;

“Margin” has the meaning specified in the Final Terms;

“Relevant Screen Page” means the screen page specified in the Final Terms or, if none is so specified, Reuters Screen EONIA Page or any successor; and

“TARGET Business Day” means a day on which the TARGET2 System is open.

If the Calculation Agent determines that either the Relevant Screen Page is not available or no such overnight rate as referred to in EONIA<sub>1</sub> appears for any reason for any day “i” on the TARGET Business Day following that day as provided above, the Calculation Agent shall determine EONIA<sub>1</sub> for such day in its sole and absolute discretion on a commercial basis as it shall consider appropriate and in accordance with standard market practice.

**D. Floating Rate Notes which are SONIA Linked Interest Notes**

Where the Reference Rate is specified as being SONIA, the Rate of Interest for each Interest Period will be the rate (expressed as a percentage per annum rounded to the nearest one ten-thousandth of a percentage point, with 0.00005 being rounded upwards) which will be calculated by the Calculation Agent in accordance with the provisions set out below and the following formula:

where:

$$\left( \text{SONIA} + \text{Margin} \right) \text{ compounded} = \frac{365}{D} \left[ 1 + \frac{(r_i) \times d_i}{365} \right]^{-1}$$

As used above:

“D” means the number of calendar days in the relevant Observation Period;

“D<sub>0</sub>” means the number of London Business Days in the relevant Observation Period;

“i” means a series of whole numbers from one to D<sub>0</sub>, each representing the relevant London Business Days in chronological order from, and including, the first London Business Day in the relevant Observation Period;

“r<sub>i</sub>” means, for any London Business Day i in the relevant Observation Period, the SONIA rate in respect of such London Business Day plus the Margin;

“d<sub>i</sub>” means the number of calendar days in the relevant Observation Period for which the SONIA rate is applicable. The SONIA rate determined for each London Business Day applies for and including such London Business Day and also for all immediately following days that are not London Business Days until but excluding the succeeding London Business Day;

“London Business Day” means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London;

“Margin” has the meaning specified in the Final Terms;

“Observation Period” means, in respect of an Interest Period, the period from, and including, five London Business Days prior to the first day of such Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending, but excluding, five London Business Days prior to the Interest Payment Date for such Interest Period (and the last Interest Period shall end on but exclude the Maturity Date);

“Relevant Screen Page” means the screen page specified in the Final Terms or, if none is so specified, Reuters page SONIA 1 or any successor; and

“SONIA rate” means, in respect of a London Business Day, the effective reference rate equal to the overnight interest rate (published as a percentage to four decimal places) calculated by the Wholesale Market Bankers’ Association as a weighted average of all overnight unsecured lending transactions in Sterling in the interbank market, initiated within London by the contributing panel banks which appears on the Relevant Screen Page as of 7.00 p.m. (Central European time) on such London Business Day, all as determined by the Calculation Agent.

If, at any such time, the Calculation Agent determines that either the Relevant Screen Page is not available or that no such quotation appears, the Calculation Agent will determine the SONIA rate for such time and London Business Day in its sole and absolute discretion on a commercial basis as it shall consider appropriate and in accordance with standard market practice.

*E. Floating Rate Notes which are Federal Funds Rate Linked Interest Notes*

Where the Reference Rate is specified as being the Federal Funds Rate, the Rate of Interest for each Interest Period will be calculated by the Calculation Agent in accordance with the provisions set out below as the Weighted Average of the U.S. Federal Funds Rate.

As used above:

“Weighted Average of the U.S. Federal Funds Rate” means  $D1/D2$ .

Where:

“D1” means, in respect of an Interest Period, the sum of the Relevant Rates for each calendar day in such Interest Period. For any calendar day in the relevant Interest Period that is an Interest Determination Date, the “Relevant Rate” is the U.S. Federal Funds Rate on such Interest Determination Date. For any calendar day in such Interest Period that is not an Interest Determination Date, the Relevant Rate for such calendar day shall be the Relevant Rate on the immediately preceding Interest Determination Date;

“D2” shall mean the number of calendar days in the Interest Period;



“Interest Determination Date” means, in respect of an Interest Reset Date, the first New York City Banking Day prior to such Interest Reset Date;

“Interest Rate Cut Off Date” means, in respect of an Interest Period, the fourth New York City Banking Day prior to the Interest Payment Date on which such Interest Period ends;

“Interest Reset Date” means, in respect of an Interest Period, each New York City Banking Day in such Interest Period up to and including the Interest Rate Cut Off Date;

“New York City Banking Day” means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in New York City; and

“U.S. Federal Funds Rate” means, in respect of an Interest Determination Date, the rate for U.S. dollar federal funds on such Interest Determination Date as published in H.15(519) under the caption “Federal Funds (effective)” and displayed on Reuters (or any successor service) on page FEDFUNDS1 under the caption “EFFECT” (or any other page as may replace the specified page on that service) (“FEDFUNDS1 Page”).

If the U.S. Federal Funds Rate for an Interest Determination Date does not so appear on the FEDFUNDS1 Page or is not so published by 5.00 p.m. (New York City time) on the Interest Reset Date, in respect of such Interest Determination Date, the U.S. Federal Funds Rate for such Interest Determination Date shall be as published in H.15 Daily Update, or such other recognised electronic source used for the purpose of displaying the applicable rate, under the caption “Federal funds (effective)”. If the U.S. Federal Funds Rate is not so published by 5.00 p.m. (New York City time) on the Interest Reset Date, the U.S. Federal Funds Rate with respect to such Interest Determination Date shall be the U.S. Federal Funds Rate for the first preceding day for which the U.S. Federal Funds Rate is set forth in H.15(519) opposite the caption “Federal funds (effective)”, as the U.S. Federal Funds Rate is displayed on the FEDFUNDS1 Page.

*F. Floating Rate Notes which are CMS Linked Interest Notes*

Where the Reference Rate is specified as being the CMS Reference Rate, the Rate of Interest for each Interest Period will be calculated by the Calculation Agent in accordance with the provisions set out below and the following formula:

CMS Rate + Margin As used above:

“CMS Rate” shall mean the Relevant Swap Rate for swap transactions in the Reference Currency with a maturity of the Designated Maturity (expressed as a percentage rate per annum) which appears on the Relevant Screen Page as at the Relevant Time on the Interest Determination Date in question, all as determined by the Calculation Agent.

If the Relevant Screen Page is not available, the Calculation Agent shall request each of the Reference Banks (as defined below) to provide the Calculation Agent with its quotation for the Relevant Swap Rate (expressed as a percentage rate per annum) at approximately the Relevant Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent such quotations, the CMS Rate for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the quotations, 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).

For this purpose:

“Margin” has the meaning specified in the Final Terms;

“Reference Banks” means (i) where the Reference Currency is Euro, the principal office of five leading swap dealers in the inter-bank market, (ii) where the Reference Currency is Sterling, the principal London office of five leading swap dealers in the London inter-bank market, (iii) where the Reference Currency is United States dollars, the principal New York City office of five leading swap dealers in the New York City inter-bank market, or (iv) in the case of any other Reference Currency, the principal Relevant Financial Centre office of five leading swap dealers in the Relevant Financial Centre inter-bank market, in each case as selected by the Calculation Agent;

“Relevant Screen Page” has the meaning specified in the Final Terms;

“Relevant Swap Rate” means:

- (i) where the Reference Currency is euro, the mid-market annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating euro interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/360 day count basis, is equivalent to EUR-EURIBOR-Reuters (as defined in the ISDA Definitions) with a designated maturity determined by the Calculation Agent by reference to standard market practice and/or the ISDA Definitions;
- (ii) where the Reference Currency is Sterling, the mid-market semi-annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the semi-annual fixed leg, calculated on an Actual/365 (Fixed) day count basis, of a fixed-for-floating Sterling interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market,

where the floating leg, in each case calculated on an Actual/365 (Fixed) day count basis, is equivalent (A) if the Designated Maturity is greater than one year, to GBP-LIBOR-BBA (as defined in the ISDA Definitions) with a designated maturity of six months or (B) if the Designated Maturity is one year or less, to GBP-LIBOR-BBA with a designated maturity of three months;

- (iii) where the Reference Currency is United States dollars, the mid-market semi-annual swap rate determined on the basis of the mean of the bid and offered rates for the semi-annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating United States dollar interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, calculated on an Actual/360 day count basis, is equivalent to USD-LIBOR-BBA (as defined in the ISDA Definitions) with a designated maturity of three months; and
- (iv) where the Reference Currency is any other currency, the mid-market swap rate as determined by the Calculation Agent in its sole and absolute discretion on a commercial basis as it shall consider appropriate and in accordance with standard market practice;

“Relevant Time” has the meaning specified in the Final Terms; and

“Representative Amount” means an amount that is representative for a single transaction in the relevant market at the relevant time.

If on any Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotations as provided in the preceding paragraph, the CMS Rate shall be determined by the Calculation Agent in its sole and absolute discretion on a commercial basis as it shall consider appropriate and in accordance with standard market practice.

#### **5B.5 *Minimum Rate of Interest and/or Maximum Rate of Interest***

If the Final Terms specify a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 5B above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the Final Terms specify a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 5B above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

## 5B.6 *Determination of Rate of Interest and calculation of Interest Amounts*

The Issue and Paying Agent or, in the case of Floating Rate Notes which are EONIA Linked Interest Notes, SONIA Linked Interest Notes, Federal Funds Rate Linked Interest Notes or CMS Linked Interest Notes, the Calculation Agent, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Floating Rate Notes which are EONIA Linked Interest Notes, SONIA Linked Interest Notes, Federal Funds Rate Linked Interest Notes or CMS Linked Interest Notes, the Calculation Agent will notify the Issue and Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Issue and Paying Agent or, in the case of Floating Rate Notes which are EONIA Linked Interest Notes, SONIA Linked Interest Notes, Federal Funds Rate Linked Interest Notes or CMS Linked Interest Notes, the Calculation Agent, will calculate the amount of interest (the "Interest Amount") payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or
- (B) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form comprises more than one Calculation Amount, the Interest Amount 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 without any further rounding.

"Day Count Fraction" means, in respect of the calculation of an amount of interest for any Interest Period:

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

- (iii) if “Actual/365 (Sterling)” is specified in the Final Terms, the actual number of days in the Interest 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 in the Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if “30/360”, “360/360” or “Bond Basis” is specified in the Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y - Y)] + [30 \times (M - M)] + (D - D)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D1” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

- (vi) if “30E/360” or “Eurobond Basis” is specified in the Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y - Y)] + [30 \times (M - M)] + (D - D)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D1” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30; and

- (vii) if “30E/360 (ISDA)” is specified in the Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y - Y)] + [30 \times (M - M)] + (D - D)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D1” is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Interest 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 D2 will be 30.

#### **5B.7** *Linear Interpolation*

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Issue and Paying Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Issue and Paying Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

“Designated Maturity” means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

#### **5B.8** *Notification of Rate of Interest and Interest Amounts*

The Issue and Paying Agent or, in the case of Floating Rate Notes which are EONIA Linked Interest Notes, SONIA Linked Interest Notes, Federal Funds Rate Linked Interest Notes or CMS Linked Interest Notes, the Calculation Agent, will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and the Trustee and any stock exchange or other relevant authority on which the relevant Floating Rate Notes are for the time being listed or by which they have been admitted to listing and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will promptly be notified to each stock exchange or other relevant authority on which the relevant Floating Rate Notes are for the time being listed or by which they have been admitted to listing and to the Holders in accordance with Condition 14. For the purposes of this paragraph, the expression “London Business Day” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

#### **5B.9** *Determination or calculation on default*

If for any reason at any relevant time the Issue and Paying Agent or, as the case may be, the Calculation Agent defaults in its obligation to determine the Rate of Interest or to calculate any Interest Amount in accordance with Condition 5B.3 or 5B.4, as the case may be, and in each case in accordance with Conditions 5B.6 and 5B.7 the Issuer shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition 5B, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the Final Terms), it shall deem fair and reasonable in all the circumstances or, as the case may be,

the Issuer shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances. In making any such determination or calculation, the Issuer may appoint and rely on a determination or calculation by a calculation agent (which shall be an investment bank or other suitable entity of international repute). Each such determination or calculation shall be deemed to have been made by the Issue and Paying Agent or the Calculation Agent, as applicable.

#### **5B.10** *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 5B, whether by the Issue and Paying Agent or, if applicable, the Calculation Agent, the Trustee or (in the context of Condition 5B.4B only) an Independent Adviser shall (in the absence of manifest error) be binding on the Issuer, the Issue and Paying Agent, the Calculation Agent (if applicable), the other Paying Agents, the Trustee and all Holders and (in the absence of wilful default and bad faith) no liability to the Issuer or the Holders or any other person shall attach to the Issue and Paying Agent or, if applicable, the Calculation Agent, the Trustee or (in the context of Condition 5B.4B only) an Independent Adviser in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

#### **5C** **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 (being the Maturity Date or any other date for redemption pursuant to these Conditions) unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue as provided in the Trust Deed.

### **6. PAYMENTS**

#### **6.1** **Method of payment**

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account and which, in the case of a payment on a Note in bearer form for U.S. federal income tax purposes, shall be an account outside the United States, except as may be permitted by U.S. federal income tax law) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (in no event, however, shall payment in respect of a Note in bearer form for U.S. federal income tax purposes be made by cheque mailed to an address in the United States); and



- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

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.

## **6.2 Presentation of Bearer Notes and Coupons**

Payments of principal in respect of Bearer Notes will (subject as provided below) be made in the manner provided in Condition 6.1 only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Bearer Notes, and payments of interest in respect of Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Fixed Rate Notes in definitive bearer form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A "Long Maturity Note" is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment

Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

Payments of principal and interest (if any) in respect of Notes represented by any Temporary or Permanent Global Note in bearer form will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes and otherwise in the manner specified in the relevant Temporary or Permanent Global Note in bearer form, where applicable, against presentation or surrender, as the case may be, of such Temporary or Permanent Global Note in bearer form at the specified office of any Paying Agent outside the United States. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made either on such Temporary or Permanent Global Note in bearer form by the Paying Agent to which it was presented or in the records of Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream, Luxembourg"), as applicable.

The Holder of a Temporary or Permanent Global Note in bearer form shall be the only person entitled to receive payments in respect of Notes represented by such Temporary or Permanent Global Note in bearer form and the Issuer will be discharged by payment to, or to the order of, the Holder of such Temporary or Permanent Global Note in bearer form in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg or any other clearing system as the beneficial holder of a particular nominal amount of Notes represented by such Temporary or Permanent Global Note in bearer form must look solely to Euroclear, Clearstream, Luxembourg or such other clearing system, as the case may be, for its share of each payment so made by the Issuer to, or to the order of, the Holder of such Temporary or Permanent Global Note in bearer form.

### **6.3 U.S. Paying Agent**

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Notes is payable in US dollars, such US dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in US dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange

controls or other similar restrictions on the full payment or receipt of principal and interest in US dollars; and

- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

#### **6.4 Registered Notes**

Payments of principal in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the Holder (or the first named of joint Holders) of the Registered Note appearing in the register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if: (i) a Holder does not have a Designated Account; or (ii) the nominal amount of the Registered Notes held by a Holder is less than US\$250,000 (or its approximate equivalent in any other Specified Currency) payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, “Designated Account” means the account (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by a Holder with a Designated Bank and identified as such in the register and “Designated Bank” means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest in respect of each Registered Note (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the Holder (or the first named of joint Holders) of the Registered Note appearing in the register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the “Record Date”) at its address shown in the register on the Record Date and at its risk. Upon application of the Holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) in respect of the Registered Notes which become payable to the Holder who has made the initial application until the Registrar is notified in writing to the contrary by such Holder. Payment of the interest due in respect of each Registered Note

on redemption will be made in the same manner as payment of the principal amount of such Registered Note.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such Holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

## **6.5 Payment Day**

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the Holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "Payment Day" means any day which (subject to Condition 9) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the relevant place of presentation (in the case of Notes in definitive form only), London and each Additional Financial Centre specified in the Final Terms; and
- (ii) either: (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

## **6.6 Interpretation of principal and interest**

Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 8 or under any undertaking given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;

- (v) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7.5); and
- (vi) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8 or under any undertaking given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

## **7. REDEMPTION AND PURCHASE**

### **7.1 Redemption of Notes at Maturity**

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the Final Terms in the relevant Specified Currency on the Maturity Date specified in the Final Terms.

### **7.2 Redemption for tax reasons**

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to the Holders in accordance with Condition 14 (which notice shall be irrevocable), if immediately prior to the giving of such notice the Issuer satisfies the Trustee that the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the United Kingdom or any political sub-division or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes and such obligation cannot be avoided by the Issuer taking reasonable measures available to it; provided, however, 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 if a payment in respect of the Notes were then due.

The Issuer shall be deemed to have satisfied the Trustee as referred to in the preceding paragraph if prior to the publication of any notice of redemption pursuant to this Condition 7.2, the Issuer shall have delivered to the Trustee: (i) a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. Upon the expiry of any such notice

as is referred to in this Condition 7.2, the Issuer shall be bound to redeem the Notes in accordance with this Condition 7.2.

Notes redeemed pursuant to this Condition 7.2 will be redeemed at their Early Redemption Amount referred to in Condition 7.5 below together, if appropriate, with interest accrued to (but excluding) the date of redemption.

### **7.3 Redemption at the option of the Issuer (Issuer Call)**

If Issuer Call is specified as being applicable in the Final Terms, the Issuer may, having given:

- (i) not less than 15 nor more than 30 days' notice to the Holders in accordance with Condition 14; and
- (ii) not less than 15 days before the giving of the notice referred to in (i) above, notice to the Issue and Paying Agent and the Trustee,

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than a Higher Redemption Amount. In the case of a partial redemption of Notes in definitive form, the Notes to be redeemed ("Redeemed Notes") will be selected individually by lot not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "Selection Date"). A list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption.

For the purposes of this Condition 7.3, the Optional Redemption Amount shall be, as specified in the Final Terms, (i) the Make Whole Redemption Price or (ii) the amount per Calculation Amount specified in the Final Terms.

If Spens Amount is specified in the Final Terms, the Make Whole Redemption Price shall be an amount equal to the higher of (i) 100 per cent. of the principal amount outstanding of the Notes to be redeemed and (ii) the principal amount outstanding of the Notes to be redeemed multiplied by the price, as reported to the Issuer and the Trustee by the Determination Agent, at which the Gross Redemption Yield on such Notes on the Reference Date is equal to the Gross Redemption Yield (determined by reference to the middle market price) at the Quotation Time specified in the Final Terms on the Reference Date of the Reference Bond, plus the Redemption Margin, all as determined by the Determination Agent.

If Make Whole Redemption Amount is specified in the Final Terms, the Make Whole Redemption Price shall be an amount calculated by the Determination Agent equal to the higher of (i) 100 per cent. of the principal amount outstanding of the Notes to be redeemed and (ii) the sum of the present values of the principal amount outstanding of the Notes to

be redeemed and the Remaining Term Interest on such Note (exclusive of interest accrued to the date of redemption) and such present values shall be calculated by discounting such amounts to the date of redemption on an annual basis (assuming a 360-day year consisting of twelve 30-day months or, in the case of an incomplete month, the number of days elapsed) at the Reference Bond Rate, plus the Redemption Margin.

In this Condition 7.3:

“Determination Agent” means an investment bank or financial institution of international standing selected by the Issuer after consultation with the Trustee;

“FA Selected Bond” means a government security or securities selected by the Determination Agent as having an actual or interpolated maturity comparable with the remaining term to the Maturity Date, that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the Specified Currency and of a comparable maturity to the remaining term to the Maturity Date;

“Gross Redemption Yield” means, with respect to a security, the gross redemption yield on such security, expressed as a percentage and calculated by the Determination Agent on the basis set out by the United Kingdom Debt Management Office in the paper “Formulae for Calculating Gilt Prices from Yields”, page 4, Section One: Price/Yield Formulae “Conventional Gilts”; Double dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date” (published 8 June 1998, as amended or updated from time to time) on a semi-annual compounding basis (converted to an annualised yield and rounded up (if necessary) to four decimal places) or on such other basis as the Trustee may approve in consultation with any relevant expert (such expert to be selected by the Trustee and approved by the Issuer), whose fees shall be payable together with the Trustee’s fees by the Issuer;

“Redemption Margin” shall be as set out in the Final Terms;

“Reference Bond” shall be as set out in the Final Terms or the FA Selected Bond;

“Reference Bond Price” means, with respect to any date of redemption, (A) the arithmetic average of the Reference Government Bond Dealer Quotations for such Redemption Date, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (B) if the Determination Agent obtains fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations;

“Reference Bond Rate” means, with respect to any Redemption Date, the rate per annum equal to the annual or semi-annual yield (as the case may be) to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price for such Redemption Date;

“Reference Date” will be set out in the relevant notice of redemption;

“Reference Government Bond Dealer” means each of five banks selected by the Issuer, or their affiliates, which are (A) primary government securities dealers, and their respective successors, or (B) market makers in pricing corporate bond issues;

“Reference Government Bond Dealer Quotations” means, with respect to each Reference Government Bond Dealer and any Redemption Date, the arithmetic average, as determined by the Determination Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) at the Quotation Time specified in the Final Terms on the Reference Date quoted in writing to the Determination Agent by such Reference Government Bond Dealer; and

“Remaining Term Interest” means, with respect to any Note, the aggregate amount of scheduled payment(s) of interest on such Note for the remaining term to the Maturity Date determined on the basis of the rate of interest applicable to such Note from and including the Redemption Date.

#### **7.4 Redemption at the option of the Holders of the Notes (Investor Put)**

If Investor Put is specified as being applicable in the Final Terms, upon the Holder of any Note giving to the Issuer in accordance with Condition 14 not less than 15 nor more than 30 days’ notice (which notice shall be irrevocable) the Issuer will, upon the expiry of such notice, redeem such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

If this Note is in definitive form, to exercise the right to require redemption of this Note the Holder of this Note must deliver such Note at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, accompanied by a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent and in which the Holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition.

#### **7.5 Early Redemption Amount**

For the purpose of Conditions 7.2 and 10, each Note will be redeemed at the Early Redemption Amount calculated as follows:

- (i) at the amount specified in the Final Terms or, if no such amount or manner is so specified in the Final Terms, at its nominal amount; or
- (ii) in the case of a Zero Coupon Note, at an amount (the “Amortised Face Amount”) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$



where:

“RP” means the Reference Price;

“AY” means the Accrual Yield expressed as a decimal; and

“y” is the Day Count Fraction specified in the Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

## **7.6 Purchases**

The Issuer and any of its Subsidiaries may at any time purchase Notes (provided that, in the case of definitive Bearer Notes, any unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise.

## **7.7 Cancellation**

All Notes which are redeemed or purchased will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Issue and Paying Agent and cannot be re-issued or resold.

## **7.8 Late payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 7.1, 7.2, 7.3 or 7.4 above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 7.5(ii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

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

- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Note has been received by the Issue and Paying Agent, the Registrar or the Trustee, as the case may be, and notice to that effect has been given to the Holders in accordance with Condition 14.

## **8. TAXATION**

All payments of principal and interest in respect of the Notes and Coupons by or on behalf of the Issuer will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the United Kingdom, or any political sub-division of, or any authority of, or in, the United Kingdom having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the Holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of any requirement to make such withholding or deduction; except that no such additional amounts shall be payable in relation to any Note or Coupon:

- (i) presented for payment by, or on behalf of, a Holder who is liable for such taxes, duties or governmental charges in respect of such Note or Coupon by reason of its having some connection with the United Kingdom other than the mere holding of such Note or Coupon; or
- (ii) presented for payment by, or on behalf of, a Holder who would be able to avoid such withholding or deduction by complying with any statutory requirements (including, but not limited to, obtaining and/or presenting any form of certificate) or by making a declaration or any other statement or claim for exemption (including, but not limited to, a declaration of non-residence), but fails to do so; or
- (iii) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the relevant Holder would have been entitled to such additional amounts on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 6.5).

As used in these Conditions, the “Relevant Date” means the date on which such payment first becomes due and payable, except that, if the full amount of the moneys payable has not been duly received by the Issue and Paying Agent or the Trustee on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Holders in accordance with Condition 14.

## **9. PRESCRIPTION**

Claims in respect of principal and interest or other sums payable hereunder will be prescribed unless made within 10 years (in the case of principal) or five years (in the case

of interest) from the Relevant Date (as defined in Condition 8) in relation thereto, subject to the provisions of Condition 6.2.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 9 or Condition 6.2 or any Talon which would be void pursuant to Condition 6.2.

## **10. EVENTS OF DEFAULT AND ENFORCEMENT**

The Trustee at its discretion may, and if so requested in writing by the Holders of at least one-quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Holders shall (subject to in each case being indemnified and/or secured and/or prefunded to its satisfaction in accordance with Clause 10 of the Trust Deed), (but, in the case of the happening of any of the events mentioned in paragraphs (ii), (v), (vi) and (vii) below in relation to the Issuer and (iii) to (vii) below (inclusive) in relation to the Principal Subsidiary, only if the Trustee shall have certified in writing that such event is, in its opinion, materially prejudicial to the interests of the Holders) give notice to the Issuer that the Notes are, and they shall accordingly immediately become, due and repayable at their Early Redemption Amount (as referred to in Condition 7.5), together with accrued interest as provided in the Trust Deed, if any of the following events shall occur and be continuing:

- (i) if default is made for a period of 14 days or more in the payment of any principal or interest due in respect of the Notes or any of them; or
- (ii) if default is made by the Issuer in the performance or observance of any obligation, condition or provision binding upon it under the Notes or the Trust Deed (other than any obligation for the payment of any principal or interest in respect of the Notes) and, except where such default is, in the opinion of the Trustee, not capable of remedy when no such continuation and notice as is hereinafter mentioned will be required, such default continues for 30 days (or such longer period as the Trustee may permit) after written notice thereof has been given by the Trustee to the Issuer requiring the same to be remedied; or
- (iii) if an order is made or an effective resolution is passed for the winding-up of, or an administration order is made in relation to, the Issuer or the Principal Subsidiary (save, in the case of the Principal Subsidiary, (a) with the prior written consent of the Trustee or the prior sanction of an Extraordinary Resolution of the Holders for the purposes of or in connection with an amalgamation or reconstruction, or (b) a voluntary solvent winding-up where surplus assets are available for distribution); or
- (iv) if the Issuer or the Principal Subsidiary stops or threatens to stop payment to its creditors generally or the Issuer or the Principal Subsidiary ceases or threatens to cease to carry on its business or substantially the whole of its business (except for the purposes of, or in connection with, a reconstruction or amalgamation the terms of which have previously been approved in writing by the Trustee or an

Extraordinary Resolution of the Holders or, in the case of the Principal Subsidiary, such a winding-up as is referred to in (iii)(b) above); or

- (v) if an encumbrancer takes possession or an administrative or other receiver or an administrator is appointed of the whole or any substantial part of the undertaking, property and assets of the Issuer or the Principal Subsidiary or if a distress or execution is levied or enforced upon or sued out against the whole or any substantial part of the chattels or property of the Issuer or the Principal Subsidiary and, in the case of any of the foregoing events, is not discharged within 60 days or such longer period as the Trustee may allow; or
- (vi) if the Issuer or the Principal Subsidiary is unable to pay its debts within the meaning of Section 123(2) of the Insolvency Act 1986; or
- (vii) if any indebtedness for moneys borrowed (as defined below) of the Issuer or the Principal Subsidiary (which indebtedness in respect of any single company has an outstanding aggregate principal amount of at least £30,000,000 (or its equivalent in any other currency or currencies)) is not paid on its due date as extended by any applicable grace period and following a demand therefor or is declared to be or automatically becomes due and payable prior to its stated maturity by reason of default or if any guarantee or indemnity in respect of indebtedness for moneys borrowed of any third party given by the Issuer or the Principal Subsidiary (having in respect of any single company an outstanding aggregate principal amount as aforesaid) is not honoured when due and called upon and, in any such case, the liability of the Issuer or the Principal Subsidiary, as the case may be, to make payment is not being contested in good faith.

“Indebtedness for moneys borrowed” means the principal amount of (a) all moneys borrowed and (b) all debentures (together in each case with any fixed or minimum premium payable on final redemption or repayment) which are not for the time being beneficially owned by Prudential or any of its Subsidiaries.

The Trustee may at its discretion institute such proceedings as it may think fit to enforce the obligations of the Issuer under the Trust Deed, the Notes and the Coupons but it shall not be bound to institute any such proceedings or take any other action under or pursuant to the Trust Deed unless (a) it shall have been so directed by an Extraordinary Resolution of the Holders or so requested in writing by the Holders of at least one-quarter in nominal amount of the Notes then outstanding and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction in accordance with Clause 10 of the Trust Deed. No Holder shall be entitled to institute proceedings directly against the Issuer unless the Trustee having become bound so to proceed fails to do so within a reasonable time and such failure is continuing.

## **11. REPLACEMENT OF NOTES, COUPONS AND TALONS**

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Issue and Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) upon payment by the claimant

of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

## **12. PAYING AGENTS**

The name of the initial Paying Agents and their specified offices are set out below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the Final Terms.

The Issuer is entitled, with the prior written approval of the Trustee, to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (a) there will at all times be an Issue and Paying Agent and, in respect of Registered Notes, a Registrar; and
- (b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority.

In addition, the Issuer shall appoint a Paying Agent approved in writing by the Trustee having a specified office in New York City in the circumstances described in Condition 6.3. Notice of any variation, termination, appointment or change in Paying Agents will be given to Holders promptly by the Issuer in accordance with Condition 14.

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and, in certain limited circumstances, the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Holders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

## **13. EXCHANGE OF TALONS**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Issue and Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9.

## **14. NOTICES**

All notices regarding Bearer Notes shall be published in a leading English language daily newspaper of general circulation in London. It is expected that such publication will be made in 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 other stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to listing. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of publication in the last of such newspapers.

Notices to Holders of Registered Notes will be deemed to be validly given if sent by first class mail (or equivalent) or (if posted to an overseas address) by air mail to them (or, in the case of joint Holders, to the first-named in the register kept by the Registrar) at their respective addresses as recorded in the register kept by the Registrar, and will be deemed to have been validly given on the fourth weekday after the date of such mailing or, if posted from another country, on the fifth such day.

Notices to be given by any Holder shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Issue and Paying Agent.

## **15. MEETINGS OF HOLDERS, MODIFICATION, WAIVER, DETERMINATION AND SUBSTITUTION ETC.**

### **15.1 Meetings**

The Trust Deed contains provisions for convening meetings of the Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes and the Coupons relating to them or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer and shall be convened by the Issuer upon the request of Holders holding not less than 5 per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing more than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Holders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or the Coupons or the Trust Deed (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Holders shall be binding on all the Holders, whether or not they are present at the meeting and on all Holders of Coupons.

The Trust Deed contains provisions for an Extraordinary Resolution to take the form of an instrument or instruments signed by the Holder or the Holders of not less than three-quarters in nominal amount of the Notes for the time being outstanding.

## 15.2 Modifications

The Trustee may agree, without the consent of the Holders, 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 or determine that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such which in any such case is not, in the opinion of the Trustee, materially prejudicial to the interests of the Holders or to any modification which is of a formal, minor or technical nature or to correct a manifest error or an error which, in the opinion of the Trustee, is proven.

Any modification, waiver, authorisation or determination shall be binding on the Holders and, unless the Trustee agrees otherwise, shall be notified by the Issuer to the Holders as soon as practicable thereafter in accordance with Condition 14.

The Trustee shall be obliged to concur with the Issuer in effecting any amendments to the interest calculation provisions and provisions related thereto of the Notes in the circumstances and as otherwise set out in Condition 5B without the requirement for the consent or sanction of the Holders or Couponholders.

## 15.3 Substitution

### (a) General right

Subject as provided in the Trust Deed, the Trustee, if it is satisfied that to do so would not be materially prejudicial to the interests of the Holders, may agree with the Issuer, without the consent of the Holders, to the substitution in place of the Issuer as principal debtor under the Trust Deed, the Notes and the Coupons of: (i) any Subsidiary of the Issuer; (ii) any successor in business of the Issuer; (iii) any Holding Company of the Issuer; or (iv) any other Subsidiary of such Holding Company provided that except where the new principal debtor is the successor in business or Holding Company of the Issuer the obligations of such new principal debtor under the Trust Deed, the Notes and the Coupons shall be unconditionally and irrevocably guaranteed by the Issuer or its Holding Company.

### (b) Issuer optional right

This Condition 15.3(b) is applicable to the Notes only if Issuer Optional Substitution is specified as applicable in the Final Terms. Subject as provided in the Trust Deed, the Trustee shall, at the request of the Issuer and without the consent of the Holders, agree to effect the substitution of any Subsidiary of the Issuer (a "**New M&G Prudential HoldCo**") in place of the Issuer as principal debtor under the Trust Deed, the Notes and the Coupons, provided that:

- (i) New M&G Prudential HoldCo shall be:
    - (A) a Holding Company of M&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&G Prudential HoldCo (or other officers acceptable to the Trustee) shall certify to the Trustee (upon which certificate the Trustee shall be entitled to rely absolutely and without enquiry or liability) that New M&G Prudential HoldCo is solvent at the time at which the substitution is effected and will be solvent immediately thereafter;
  - (iii) two directors of the Issuer (or other officers acceptable to the Trustee) shall certify to the Trustee (upon which certificate the Trustee shall be entitled to rely absolutely and without enquiry or liability) that no Event of Default or Potential Event of Default (as defined in the Trust Deed) has occurred and is continuing at the time at which the substitution is effected;
  - (iv) all authorisations, consents, approvals, filings, notifications and registrations required in connection with the substitution have been obtained or effected; and
  - (v) the Issuer or New M&G Prudential HoldCo shall give or procure to be given to the Trustee such customary legal opinions as the Trustee shall properly require and in such form as the Trustee shall properly require for the purpose of the discharge or exercise of the Trustee's duties in connection with the substitution.
- (c) Following the exercise by the Issuer of the right under Condition 15.3(b) and the subsequent completion of the substitution of New M&G Prudential HoldCo in place of Prudential as principal debtor under the Trust Deed, Notes and Coupons, Condition 15.3(b) shall cease to apply and shall be of no further effect in respect of the Notes.
- (d) Any substitution in accordance with the provisions of this Condition 15.3 shall be binding on the Holders and, unless the Trustee agrees otherwise, any such substitution shall be notified by the Issuer to the Holders as soon as practicable thereafter in accordance with Condition 14.

In this Condition 15.3:

"Holding Company" means a parent undertaking within the meaning set out in section 1162 of the Companies Act 2006;

"M&G Prudential" means each of:



- (a) Prudential Assurance, or such other entity or entities to which all or substantially all of the assets and undertaking of Prudential Assurance have been transferred; and
- (b) M&G Group Limited, or such other entity or entities to which all or substantially all of the assets and undertaking of M&G Group Limited have been transferred; and

“Prudential Assurance” means The Prudential Assurance Company Limited.

“Subsidiary” means a subsidiary undertaking within the meaning set out in section 1162 of the Companies Act 2006.

#### **15.4 Exercise of Trustee’s powers and discretions**

In connection with the exercise by it of any of its trusts, powers, authorities or discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Holders as a class but shall not have regard to any interests arising from circumstances particular to individual Holders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of the exercise of its trusts, powers, authorities or discretions for individual Holders (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 Holder 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 Holders, except to the extent already provided for in Condition 8 and/or any undertaking given in addition to, or in substitution for, Condition 8 pursuant to the Trust Deed.

#### **16. FURTHER ISSUES**

The Issuer shall be at liberty from time to time without the consent of the Holders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes. The Trust Deed contains provisions for convening a single meeting of the Holders and the holders of the notes of other series in circumstances where the Trustee so decides.

#### **17. GOVERNING LAW**

The Trust Deed, the Notes and the Coupons (and any non-contractual obligations arising therefrom or in connection therewith) shall be governed by, and construed in accordance with, English law.

**18. 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 of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## TERMS AND CONDITIONS OF THE TIER 2 NOTES

*The following, except for paragraphs in italics (which are in the nature of explanatory notes and do not form part of the Terms and Conditions of the Tier 2 Notes), are the Terms and Conditions of the Tier 2 Notes (the "Notes") which, as completed in accordance with the provisions of Part A of the applicable Final Terms, will be applicable to each Tranche of Notes. Either: (i) the full text of these Terms and Conditions together with the relevant provisions of Part A of the Final Terms; or (ii) these Terms and Conditions as so completed, shall be endorsed on the Bearer Notes (as defined below) or on the certificates relating to the Registered Notes (as defined below). Certain provisions relating to such Notes while in global form, and certain modifications of these Terms and Conditions applicable to such Notes while in global form, are described in the section entitled "Provisions relating to the Notes while in Global Form".*

This Note is issued by Prudential plc ("Prudential" or the "Issuer") and is one of a Series (as defined below) of Notes constituted by a Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the "Trust Deed") dated 22 November, 2001 and made between Prudential and The Law Debenture Trust Corporation p.l.c. as trustee (the "Trustee", which expression shall include any successor trustee) for the Holders (as defined below) of such Notes. References herein to the "Notes" shall be references to the Notes of this Series. As used herein, "Tranche" means Notes which are identical in all respects (including as to listing) and "Series" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are: (i) expressed to be consolidated and form a single series; and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

The Notes and the Coupons (as defined below) have the benefit of an Agency Agreement (such Agency Agreement as modified and/or supplemented and/or restated from time to time, the "Agency Agreement") dated 16 May, 2016 and made between Prudential, Citibank, N.A., London Office as issuing and principal paying agent and agent bank (the "Issue and Paying Agent", which expression shall include any successor agent), Citibank, N.A., London Office as registrar in respect of Notes in registered form and as paying agent (the "Registrar", which expression shall include any successor registrar and together with the Issue and Paying Agent, unless the context otherwise requires, the "Paying Agents", which expression shall include any additional or successor paying agents) and the Trustee.

The Final Terms for this Note (or the relevant provisions thereof) are attached to or endorsed on this Note and complete these Terms and Conditions (these "Conditions") for the purposes of this Note. References to the "Final Terms" are to the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

Copies of the Trust Deed and the Agency Agreement are available for inspection on weekdays during normal business hours at the registered office of the Issuer, the registered office for the time being of the Trustee (being at Fifth Floor, 100 Wood Street, London EC2V 7EX) and at the specified office of the Issue and Paying Agent. Copies of the Final Terms are available for viewing on weekdays during normal business hours at the registered office for the time being of the Issuer, the registered office for the time being of the Trustee and the specified office of the Issue and Paying Agent. In addition, copies of each Final Terms relating to Notes which are admitted to trading on the London Stock Exchange's regulated market will be published on the website of the

London Stock Exchange through a regulatory information service. Copies of each Final Terms relating to Notes which are admitted to trading on any other regulated market in the European Economic Area will be published in accordance with Article 14(2) of the Prospectus Directive and the rules and regulations of the relevant regulated market. The Holders are deemed to have notice of, are entitled to the benefit of, and are bound by, all the provisions of the Trust Deed, the Agency Agreement and the Final Terms which are applicable to them. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed.

Words and expressions defined in the Trust Deed, the Agency Agreement or used in the Final Terms shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed will prevail and, in the event of inconsistency between the Trust Deed, the Agency Agreement and the Final Terms, the Final Terms will prevail.

## **1. Form and Denomination**

### **1.1 Form**

Notes are issued in bearer form (“Bearer Notes”) or in registered form (“Registered Notes”), as specified in the Final Terms, serially numbered and in the currency (the “Specified Currency”) and the denomination(s) (the “Specified Denomination(s)”) specified in the Final Terms, provided that, in the case of Notes which are to be admitted to trading on a regulated market within the European Economic Area, the minimum Specified Denomination shall be €1,000 (or its equivalent in any other currency as at the date of issue of the relevant Note). Registered Notes are not exchangeable for Bearer Notes or vice versa. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

### **1.2 Coupons and Talons**

Interest-bearing definitive Bearer Notes have attached thereto, at the time of their initial delivery, coupons (“Coupons”), presentation of which will be a prerequisite to the payment of interest save in certain circumstances specified herein. In addition, such Notes may have attached thereto, at the time of their initial delivery, a talon (“Talon”) for further coupons and the expression “Coupons” shall, where the context so requires, include Talons.

### **1.3 Interest basis**

This Note may be a Fixed Rate Note, a Floating Rate Note (which term shall include an EONIA Linked Interest Note, a SONIA Linked Interest Note, a Federal Funds Rate Linked Interest Note or a CMS Linked Interest Note if this Note is specified as such in the Final Terms), a Reset Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the Final Terms.

*The Solvency II Regulations require that the Notes may only include limited incentives for the Issuer to exercise a right of early redemption in respect of the Notes. Such incentives*

*may include an increase in the rate of interest applicable to the Notes that does not occur prior to the tenth anniversary of the Issue Date of the Notes.*

*To satisfy these requirements, where an increase in the rate of interest applicable to the Notes takes effect on or following the tenth anniversary of the Issue Date of the Notes, the rate of interest applicable to the Notes following such increase shall be no greater than the higher of (i) 100 basis points, less the swap spread between the initial index basis and the stepped-up index basis, and (ii) 50 % of the initial credit spread, less the swap spread between the initial index basis and the stepped-up index basis, or otherwise in compliance with the Capital Regulations applicable to Tier 2 Capital from time to time.*

#### **1.4 Denomination of Bearer Notes**

Bearer Notes are in the Specified Denomination or Specified Denominations specified in the Final Terms.

#### **1.5 Denomination of Registered Notes**

Registered Notes are in the minimum Specified Denomination or Specified Denominations specified in the Final Terms or integral multiples thereof.

#### **1.6 Currency of Notes**

The Notes are denominated in the Specified Currency specified in the Final Terms. Any currency may be so specified, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

### **2. Title and Transfer**

#### **2.1 Title to Bearer Notes**

Title to Bearer Notes and Coupons passes by delivery. References herein to the “Holders” in relation to Bearer Notes or Coupons are to the bearers of such Bearer Notes or such Coupons.

#### **2.2 Title to Registered Notes**

Title to Registered Notes passes by registration in the register which the Issuer shall procure to be kept by the Registrar. References herein to the “Holders” in relation to Registered Notes are to the persons in whose names such Registered Notes are so registered in the relevant register.

#### **2.3 Holder as owner**

The Holder of any Bearer Note, Coupon or Registered Note will (except as otherwise required by applicable law or any regulatory requirement) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership,

trust or any interest thereof or therein, any writing thereon or any theft or loss thereof) and no person shall be liable for so treating such Holder.

#### **2.4 Transfer of Registered Notes**

A Registered Note may, upon the terms and subject to the conditions set forth in the Agency Agreement, be transferred in whole or in part (provided that such part is, or is an integral multiple of, the minimum Specified Denomination specified in the Final Terms) upon the surrender of the Registered Note to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar. A new Registered Note will be issued to the transferee and, in the case of a transfer of part only of a Registered Note, a new Registered Note in respect of the balance not transferred will be issued to the transferor.

#### **2.5 New Registered Notes**

Each new Registered Note to be issued upon the transfer of a Registered Note will, within five Relevant Banking Days of the Transfer Date, be available for collection by each relevant Holder at the specified office of the Registrar or, at the option of the Holder requesting such transfer, be mailed (by uninsured post at the risk of the Holder(s) entitled thereto) to such address as may be specified by such Holder. For these purposes, a form of transfer received by the Registrar after the Record Date in respect of any payment due in respect of Registered Notes shall be deemed not to be effectively received by the Registrar until the day following the due date for such payment.

#### **2.6 No charges upon transfer**

The issue of new Registered Notes on transfer will be effected without charge by or on behalf of the Issuer or the Registrar, but upon payment by the applicant of (or the giving by the applicant of such indemnity as the Issuer or the Registrar may require in respect of) any tax, duty or other governmental charge of whatsoever nature which may be levied or imposed in relation thereto.

#### **2.7 144A Legend**

- (a) Upon the transfer or replacement of Definitive Registered Notes or Rule 144A Global Notes bearing the 144A legend (the "144A Legend") set forth in the relevant form of Registered Note scheduled to the Trust Deed, or upon specific request for removal of the 144A Legend, the Registrar shall deliver only Registered Notes that also bear such legend unless there is delivered to the Issuer and the Registrar such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of counsel experienced in giving opinions with respect to questions arising under the securities laws of the United States, that neither such legend nor the restrictions on transfer set forth therein are required in order to maintain compliance with the provisions of such laws.

- (b) The Issuer covenants and agrees that it will not acquire any beneficial interest, and will cause its affiliates not to acquire any beneficial interest, in any Registered Note bearing the 144A Legend unless it notifies the Registrar of such acquisition. Each Paying Agent, the Registrar, the Trustee and all Holders shall be entitled to rely without further investigation on any such notification (or lack thereof).

## **2.8 Information to Holders**

For so long as any of the Registered Notes bearing the 144A Legend remains outstanding and is a “restricted security” within the meaning of Rule 144(a)(3) under the United States Securities Act of 1933 (the “Securities Act”), the Issuer covenants and agrees that it shall, during any period in which it is not subject to Section 13 or 15(d) under the United States Securities Exchange Act 1934, as amended (the “Exchange Act”), nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, make available to any Holder at the specified office of each of the Paying Agents and the Registrar in connection with any sale thereof and any prospective purchaser of such Notes from such Holder, in each case upon request, the information specified in, and meeting the requirements of, Rule 144A(d)(4) in relation to it, under the Securities Act.

## **3. Status of the Notes**

The Notes and any relative Coupons constitute direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* without any preference among themselves.

## **4. Regulatory capital**

### **4.1 Regulatory capital status**

The Notes are intended to constitute Tier 2 Capital of the Issuer and of the Group from time to time. More particularly, it is intended that this Note should constitute Tier 2 Own Funds of the Issuer and of the Group as at the Issue Date of this Note.

### **4.2 Regulatory capital conditions**

These Conditions and the Final Terms shall be subject to, and shall be qualified in their entirety by, the terms and conditions set out in this Condition 4. Nothing in any other Condition or provision of the Final Terms shall, nor shall it be implied to, modify or amend the terms and conditions set out in this Condition 4 at any time.

### **4.3 Minimum maturity of Dated Notes**

Unless previously redeemed, substituted or purchased and cancelled in compliance with the requirements of this Condition 4, the Maturity Date of Dated Notes shall occur no earlier than the tenth anniversary of the Issue Date of those Notes.

#### 4.4 Subordination

The rights of Holders of the Notes and any relative Coupons against the Issuer to payment of any amounts under or arising from the Notes, any relative Coupons and the Trust Deed relating to them or arising therefrom are, in the event of the winding-up of the Issuer, subordinated in the manner provided in the Trust Deed to the claims of all Senior Creditors, but shall rank at least *pari passu* with all other obligations of the Issuer which constitute or would, but for any applicable limitation on the amount of such capital, constitute Tier 2 Capital and in priority to those whose claims constitute or would, but for any applicable limitation on the amount of such capital, constitute Tier 1 Capital and in priority to the claims of holders of all classes of share capital of the Issuer.

#### 4.5 Solvency Condition

- (a) All payments under or arising from the Notes, the Coupons or the Trust Deed relating to them or arising therefrom, other than payments to the Trustee made in accordance with the Trust Deed in respect of, *inter alia*, the Trustee's fees, and remuneration and expenses and liabilities incurred by the Trustee in carrying out its duties under the Trust Deed, shall be conditional upon the Issuer satisfying the Solvency Condition both at the time of, and immediately after, any such payment.
- (b) The Issuer will not make any payment and any such payment shall not be payable under or arising from the Notes, the Coupons or the Trust Deed relating to them or arising therefrom unless the Issuer satisfies the Solvency Condition both at the time of, and immediately after, any such payment. For this purpose, the Issuer shall satisfy the Solvency Condition if:
  - (i) it is able to pay its debts to all Senior Creditors, the Holders of the Notes and the holders of any Parity Securities, as they fall due; and
  - (ii) its total Assets exceed total Liabilities, other than Liabilities to persons that are neither Senior Creditors nor the Holders of the Notes nor the holders of Parity Securities, by at least 4 per cent. or such other percentage specified by the PRA from time to time as the Regulatory Capital Requirement.
- (c) A report as to the solvency of the Issuer by two Directors of the Issuer or, in certain circumstances as provided in the Trust Deed, the Auditors, or, if there is a winding-up of the Issuer in England and Wales, the liquidator of the Issuer shall, in the absence of manifest error, be treated and accepted by the Issuer, the Trustee and the Holders of the Notes and any relative Coupons as correct and sufficient evidence thereof.

*If the Issuer does not satisfy the Solvency Condition both at the time of, and immediately after, payment, the amount of any payments which would otherwise have been payable in respect of the Notes, but are not paid by reason of the Solvency Condition not being satisfied, will be available to meet losses of the Issuer.*



#### **4.6 Solvency Capital Requirement and Minimum Capital Requirement**

- (a) All payments under or arising from the Notes, the Coupons or the Trust Deed relating to them or arising therefrom, other than payments to the Trustee made in accordance with the Trust Deed in respect of, *inter alia*, the Trustee's fees, and remuneration and expenses and liabilities incurred by it in carrying out its duties under the Trust Deed, shall, unless otherwise permitted by the PRA, be conditional upon both the Solvency Capital Requirement and the Minimum Capital Requirement being met both at the time of, and immediately after, any such payment.
- (b) Unless otherwise permitted by the PRA, the Issuer will not make any payment and any such payment shall not be payable under or arising from the Notes, the Coupons or the Trust Deed relating to them or arising therefrom, unless both the Solvency Capital Requirement and the Minimum Capital Requirement are met both at the time of, and immediately after, any such payment.
- (c) A report as to the Issuer's compliance with the Solvency Capital Requirement or the Minimum Capital Requirement (or both) signed by two Directors of the Issuer or, if there is a winding-up of the Issuer in England and Wales, the liquidator of the Issuer shall, in the absence of manifest error, be treated and accepted by the Issuer, the Trustee and the Holders of the Notes and any relative Coupons as correct and sufficient evidence thereof.

*If the Solvency Capital Requirement or the Minimum Capital Requirement is (or both are) not met, the amount of any payments which would otherwise have been payable in respect of the Notes, but are not paid by reason of the Solvency Capital Requirement or the Minimum Capital Requirement (or both) not being satisfied, will be available to meet losses of the Issuer.*

#### **4.7 Arrears of Interest**

- (a) If the Issuer does not make any interest payment as a result of the Issuer not satisfying the Solvency Condition, or either the Solvency Capital Requirement or the Minimum Capital Requirement (or both) not being met, both at the time of, and immediately after, such payment, or following an election made by the Issuer pursuant to Condition 5 or Condition 6, that payment shall constitute Arrears of Interest until paid.
- (b) No interest will accrue on Arrears of Interest.
- (c) Arrears of Interest may be paid in whole or in part (as specified in the notice given by the Issuer) at any time upon the Issuer giving notice thereof to the Trustee and the Issue and Paying Agent in writing and to the Holders in accordance with Condition 20 not less than five Business Days prior to the proposed date for payment.

- (d) Arrears of Interest will become payable in full on the redemption of the Notes or purchase of the Notes by or on behalf of the Issuer or, subject to the provisions of Conditions 4.4, 4.5 and 4.6, upon the commencement of the winding-up of the Issuer, but so that in the case of payment of only part of the Arrears of Interest, the interest accrued during any Interest Period shall not be paid prior to that accrued during an earlier Interest Period.
- (e) Unless otherwise permitted by the PRA, the Issuer will not pay any amount in respect of Arrears of Interest and any such payment shall not be payable under or arising from the Notes, the Coupons or the Trust Deed relating to them or arising therefrom, unless the Issuer satisfies the Solvency Condition, and both the Solvency Capital Requirement and the Minimum Capital Requirement are met, both at the time of, and immediately after, any such payment.

#### **4.8 Conditions to redemption, variation, substitution, conversion and purchase**

- (a) Except as otherwise indicated to the Issuer by the PRA, the Issuer may not redeem, vary, substitute, convert or purchase any Notes unless the Issuer has given prior notice to the PRA and the PRA has given its prior approval or consented in the form of a waiver or otherwise to such redemption, variation, substitution, conversion or purchase, in each case in accordance with, and to the extent required under, the Capital Regulations applicable in relation to Tier 2 Capital.
- (b) Neither the Issuer nor any Subsidiary may redeem or purchase any Notes unless on and immediately after the relevant Redemption Date or date on which the Notes are to be purchased:
  - (i) the Issuer is in compliance with the Regulatory Capital Requirement;
  - (ii) the Issuer satisfies the Solvency Condition;
  - (iii) both the Solvency Capital Requirement and the Minimum Capital Requirement are met; and
  - (iv) no Insolvent Insurer Winding-up has occurred and is continuing,or, in each case, as otherwise permitted by the PRA.
- (c) The PRA may impose further conditions on any redemption, variation, substitution, conversion or purchase at the relevant time.
- (d) The Trustee shall be entitled to rely on a certificate signed by two Directors of the Issuer as to whether or not the conditions to redemption, substitution, variation or purchase are met, including as to whether an Insolvent Insurer Winding-up has occurred and is continuing and, if the Trustee does so rely, such certificate shall, in the absence of manifest error, be conclusive and binding on the Holders.

#### 4.9 Postponement of Redemption Date

- (a) If redemption of the Notes is to be postponed as a result of one or more of the conditions set out in Condition 4.8 not being met, the Issuer shall notify the Trustee and the Issue and Paying Agent in writing and notify the Holders in accordance with Condition 20 no later than two Business Days prior to the scheduled Redemption Date (or as soon as reasonably practicable if the relevant circumstance requiring redemption to be deferred arises, or is determined, less than two Business Days prior to the Redemption Date).
- (b) If redemption does not occur on the relevant Redemption Date as a result of the Issuer not satisfying the Solvency Condition both on, and immediately after, the relevant Redemption Date, or because the PRA has not given its prior approval or consented in the form of a waiver or otherwise to such redemption in accordance with, and to the extent required under, the Capital Regulations applicable in relation to Tier 2 Capital, the Notes shall be redeemed at their principal amount outstanding or, if applicable, the Make Whole Redemption Price, on the date falling 10 Business Days after the first date following the relevant Redemption Date on which the Issuer satisfies the Solvency Condition and would continue to do so if the Notes were redeemed on such date and on which the PRA has given its prior approval or consented in the form of a waiver or otherwise to such redemption in accordance with, and to the extent required under, the Capital Regulations applicable in relation to Tier 2 Capital.
- (c) No interest will accrue on any amounts not paid on the Notes as a result of the Issuer not satisfying the Solvency Condition both on and immediately after the relevant Redemption Date, provided, however, that interest will accrue at the rate of interest specified in Condition 7 (in the case of Fixed Rate Notes), Condition 8 (in the case of Reset Notes), Condition 9 (in the case of Floating Rate Notes) or Condition 10 (in the case of Fixed/Floating Rate Notes) on such amounts from (and including) the 14th day following the date on which such amounts become due and payable as set out in paragraph (b) of this Condition 4.9 to (but excluding) the date on which such amounts are paid.
- (d) If redemption does not occur on the Redemption Date as a result of either the Solvency Capital Requirement or the Minimum Capital Requirement (or both) not being met both on, and immediately after, the relevant Redemption Date, or because an Insolvent Insurer Winding-up has occurred and is continuing on the relevant Redemption Date, the Notes shall be redeemed at their principal amount outstanding or, if applicable, the Make Whole Redemption Price upon the earlier of:
  - (i) the date falling 10 Business Days after the first date following the relevant Redemption Date on which both the Solvency Capital Requirement and the Minimum Capital Requirement are met and would continue to be met if the Notes were redeemed on such date, and on which no Insolvent Insurer Winding-up has occurred and is continuing;

- (ii) the date falling 10 Business Days after the date on which the PRA has notified the Issuer of its waiver of the suspension of or agreement to the repayment or redemption of the Notes; and
  - (iii) the date on which an order is made, or an effective resolution is passed, for the winding-up in England and Wales of the Issuer (except a solvent winding-up solely for the purpose of a reconstruction or amalgamation or the substitution in place of the Issuer of a successor in business of the Issuer the terms of which reconstruction, amalgamation or substitution:
    - (A) have previously been approved in writing by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed); and
    - (B) do not provide that the Notes shall thereby become payable).
- (e) No interest will accrue on any amounts not paid on the Notes as a result of either the Solvency Capital Requirement or the Minimum Capital Requirement (or both) not being met both on, and immediately after, the relevant Redemption Date or because an Insolvent Insurer Winding-up has occurred and is continuing on the relevant Redemption Date, provided, however, that interest will accrue at the rate of interest specified in Condition 7 (in the case of Fixed Rate Notes), Condition 8 (in the case of Reset Notes), Condition 9 (in the case of Floating Rate Notes) or Condition 10 (in the case of Fixed/Floating Rate Notes) on such amounts from (and including) the 14th day following the date on which such amounts become due and payable as set out in paragraph (d) of this Condition 4.9 to (but excluding) the date on which such amounts are paid.
- (f) The Issuer shall notify the Trustee and the Issue and Paying Agent in writing and notify the Holders in accordance with Condition 20 no later than five Business Days prior to the date on which the Notes are due to be redeemed pursuant to paragraph (b) or paragraph (d) of this Condition 4.9 of the revised Redemption Date.
- (g) The Issuer may not redeem any Notes pursuant to this Condition 4.9 unless the conditions to redemption set out in Condition 4.8 are met in respect of the revised Redemption Date.

#### **4.10 No default**

If the Issuer fails to pay any amount under or arising from the Notes, any relative Coupons and the Trust Deed relating to them in respect of which the Issuer does not satisfy the Solvency Condition, or either the Solvency Capital Requirement or the Minimum Capital Requirement is (or both are) not met, both at the time of, and immediately after, the time at which the same would otherwise be due and payable, or because any of the other conditions in Condition 4.8 are not met, such failure to pay shall not constitute a default for any purpose (including, but without limitation, Condition 16) on the part of the Issuer.

#### **4.11 Solvency Claims**

- (a) Without prejudice to the rest of these Conditions, amounts representing payments of any amount under or arising from the Notes, any relative Coupons and the Trust Deed relating to them in respect of which the Issuer does not satisfy the Solvency Condition, or either the Solvency Capital Requirement or the Minimum Capital Requirement is (or both are) not met, both at the time of, and immediately after, the time at which the same would otherwise be due and payable (“Solvency Claims”), will be payable by the Issuer in a winding-up of the Issuer as provided in Condition 4.4.
- (b) A Solvency Claim shall not bear interest, except in the limited circumstances referred to in Condition 4.9.

#### **4.12 Set-off and counterclaim**

By acceptance of the Notes, each Holder of the Notes and the Trustee, on behalf of such Holders, will be deemed to have waived any right of set-off or counterclaim that such Holders might otherwise have against the Issuer whether prior to or in bankruptcy or winding-up. Notwithstanding the preceding sentence, if any of the rights and claims of any Holder of the Notes are discharged by set-off, such Holder will immediately pay an amount equal to the amount of the rights and claims so discharged to the Issuer or, if applicable, the liquidator or the Trustee and, until payment is made, will hold a sum equal to such amount on trust for the Issuer or, if applicable, the liquidator or the Trustee in the Issuer’s winding-up. Accordingly, such discharge will be deemed not to have taken place.

#### **4.13 Events of default and enforcement**

- (a) No remedy shall be available to the Trustee or any Holder against the Issuer, whether for the recovery of amounts owing in respect of the Notes, the Coupons or under the Trust Deed relating to them or arising therefrom or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Notes, the Coupons or under the Trust Deed relating to them or arising therefrom, other than as provided for in Condition 16.
- (b) Notwithstanding any other provisions of these Conditions, the right to institute winding-up proceedings in respect of the Issuer is limited to circumstances where payment of amounts owing in respect of the Notes, the Coupons or under the Trust Deed relating to them or arising therefrom or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Notes, the Coupons or under the Trust Deed relating to them or arising therefrom, has become due.
- (c) No amount owing in respect of the Notes, the Coupons or under the Trust Deed relating to them or arising therefrom or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Notes, the Coupons or under the Trust Deed relating to them or arising therefrom shall be due if the Issuer does not satisfy the Solvency Condition, or either the Solvency Capital Requirement or

the Minimum Capital Requirement is (or both are) not satisfied both at the time of, and immediately after, the time at which the same would otherwise be due and payable, or if the Issuer has elected to defer the payment of such amount pursuant to Condition 5 or Condition 6.

- (d) The Trust Deed contains provisions entitling the Trustee to claim from the Issuer, *inter alia*, its fees and remuneration and the expenses and liabilities incurred by it in carrying out its duties under the Trust Deed. The provisions as to subordination and the restrictions on commencing proceedings described below will not apply to any such claims.

#### **5. Deferral of Interest Payments – Issuer Discretion**

- (a) This Condition 5 is applicable to the Notes only if Optional Interest Deferral is specified as applicable in the Final Terms.
- (b) The Issuer may, by giving notice thereof to the Trustee and the Issue and Paying Agent in writing and to the Holders of the Notes in accordance with Condition 20 not more than 16 nor less than two Business Days prior to the relevant Interest Payment Date, elect to defer interest payments on the Notes:
  - (i) where Dividend and Capital Restriction is specified as not applicable in the Final Terms, on any Interest Payment Date; and
  - (ii) where Dividend and Capital Restriction is specified as applicable in the Final Terms, on any Interest Payment Date which is not a Compulsory Interest Payment Date,

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. For the purposes of this Condition 5(b), the Trustee shall be entitled to accept a certificate, signed by two Directors of the Issuer, stating that no Regulatory Event has occurred and has been subsisting at such time for a continuous period of 180 days or more as sufficient evidence thereof, in which event it shall be conclusive and binding on the Holders.

- (c) Notwithstanding any other provision in these Conditions or the Trust Deed, any payment which for the time being is not made on Notes by virtue of this Condition 5 shall not constitute a default for any purpose (including, but without limitation, Condition 16) on the part of the Issuer.

#### **6. Deferral of Interest Payments – Capital Adequacy Condition**

- (a) This Condition 6 is applicable to the Notes only if Capital Adequacy Interest Deferral is specified as applicable in the Final Terms.

- (b) The Issuer may, by giving notice thereof to the Trustee and the Issue and Paying Agent in writing and to the Holders of the Notes in accordance with Condition 20 not more than 16 nor less than two Business Days prior to the relevant Interest Payment Date, elect to defer interest payments on the Notes:
- (i) where Dividend and Capital Restriction is specified as not applicable in the Final Terms, on any Interest Payment Date on which the Issuer determines:
    - (A) in its sole discretion (by reference to the Issuer's then current financial condition), on or after the 20th Business Day, but not later than the fifth Business Day, prior to such Interest Payment Date that the Capital Adequacy Condition will not be met both at the time of, and immediately after, making the relevant interest payment; or
    - (B) that it is required under the terms of any Parity Security issued prior to 1 January, 2016 to defer payment of interest on the Notes; and
  - (ii) where Dividend and Capital Restriction is specified as applicable in the Final Terms, on any Interest Payment Date on which the Issuer determines:
    - (A) in its sole discretion (by reference to the Issuer's then current financial condition), on or after the 20th Business Day, but not later than the fifth Business Day, prior to such Interest Payment Date that the Capital Adequacy Condition will not be met both at the time of, and immediately after, the relevant interest payment; or
    - (B) that it is required under the terms of any Parity Security issued prior to 1 January, 2016 to defer payment of interest on the Notes,

and such Interest Payment Date is not a Compulsory Interest Payment Date.
- (c) Notwithstanding any other provision in these Conditions or the Trust Deed, any payment which for the time being is not made on Notes by virtue of this Condition 6 shall not constitute a default for any purpose (including, but without limitation, Condition 16) on the part of the Issuer.

## **7. Fixed Rate Note Provisions**

### **7.1 Application**

This Condition 7 is applicable to the Notes only if the Fixed Rate Note Provisions are specified as applicable in the Final Terms.

## **7.2 Accrual of interest**

- (a) Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) (as specified in the Final Terms).
- (b) Each Fixed Rate Note (or, in the case of the redemption of part only of a Fixed Rate Note, that part only of such Fixed Rate Note) will cease to bear interest (if any) from the due date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue as provided in the Trust Deed.

## **7.3 Fixed Coupon Amount**

If the Notes are in definitive form, except as provided in the Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payment of any Broken Amount will be made on the Interest Payment Date so specified in the Final Terms.

## **7.4 Calculation of interest amount**

Except in the case of Notes in definitive form where a Fixed Coupon Amount or Broken Amount is specified in the Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (i) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or
- (ii) in the case of Fixed Rate Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form comprises more than one Calculation Amount, the Interest Amount payable in respect of such Fixed Rate Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

## **8. Reset Note Provisions**

### **8.1 Application**

This Condition 8 is applicable to the Notes only if the Reset Note Provisions are specified as applicable in the Final Terms.



## 8.2 Accrual of interest

- (a) Each Reset Note bears interest:
  - (i) in respect of the period from (and including) the Interest Commencement Date to (but excluding) the Reset Date (or, if there is more than one Reset Period, the first Reset Date occurring after the Interest Commencement Date), at the rate per annum equal to the Initial Rate of Interest; and
  - (ii) in respect of the Reset Period (or, if there is more than one Reset Period, each successive Reset Period thereafter), at such rate per annum as is equal to the relevant Subsequent Reset Rate, as determined by the Issue and Paying Agent on the relevant Reset Determination Date in accordance with this Condition 8,

payable, in each case, in arrear on the Interest Payment Dates(s) (as specified in the Final Terms).

- (b) The Issue and Paying Agent will calculate the Interest Amount payable on the Reset Notes for the relevant period by applying the Initial Rate of Interest or the applicable Subsequent Reset Rate (as the case may be) to:
  - (i) in the case of Reset Notes that are represented by a Global Note, the aggregate outstanding nominal amount of the Reset Notes represented by such Global Note; or
  - (ii) in the case of Reset Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Reset Note in definitive form comprises more than one Calculation Amount, the Interest Amount payable in respect of such Reset Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

- (c) Each Reset Note (or, in the case of the redemption of part only of a Reset Note, that part only of such Reset Note) will cease to bear interest (if any) from the due date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue as provided in the Trust Deed.

## 8.3 Subsequent Reset Rate Screen Page

- (a) If on any Reset Determination Date the Subsequent Reset Rate Screen Page is not available, the Issue and Paying Agent shall request each of the Reference

Banks to provide the Issue and Paying Agent with its offered quotation (expressed as a percentage rate per annum) for the Subsequent Reset Reference Rate at approximately the Subsequent Reset Rate Time on the Reset Determination Date in question.

- (b) If two or more of the Reference Banks provide the Issue and Paying Agent with offered quotations, the Subsequent Reset Rate for the relevant Reset Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the applicable Reset Margin (if any), all as determined by the Issue and Paying Agent.
- (c) If on any Reset Determination Date only one or none of the Reference Banks provides the Issue and Paying Agent with an offered quotation as provided in the foregoing provisions of this Condition 8.3, the Subsequent Reset Rate shall be determined as at the last preceding Reset Determination Date or, in the case of the first Reset Determination Date, the Subsequent Reset Rate shall be the Initial Rate of Interest.

#### **8.4 Mid Swap Benchmark Rate Replacement**

If:

- (1) Mid Swap Benchmark Rate Replacement is specified as applicable in the Final Terms; and
- (2) the Issuer determines in its sole discretion, including, but not limited to, on the basis of a public statement by the administrator or the supervisor of the administrator of the Mid Swap Benchmark Rate specified in the Final Terms, that such Mid Swap Benchmark Rate has ceased (or will cease, prior to the next following Reset Determination Date) to be calculated or administered or published by the relevant administrator (in circumstances where no successor administrator has been appointed that will continue publication of the relevant Mid Swap Benchmark Rate), or that there has otherwise taken place (or will otherwise take place, prior to the next following Reset Determination Date) a change in customary market practice (determined according to factors including, but not limited to, public statements, opinions and publications of industry bodies and organisations) to refer to a base rate component other than the Mid Swap Benchmark Rate specified in the Final Terms despite the continued existence of such Mid Swap Benchmark Rate, when any Rate of Interest (or component thereof) remains to be determined by reference to the Mid Swap Rate of which such Mid Swap Benchmark Rate is a component,

then the following provisions shall apply to the relevant Series of Notes:

- (a) The Issuer shall use reasonable endeavours to appoint an Independent Adviser, at the Issuer's own expense, to determine an Alternative Mid Swap Benchmark Rate and such other adjustments (if any) as referred to in this Condition 8.4 for

the purposes of determining the Mid Swap Rate for all future Reset Periods (subject to the subsequent operation of this Condition 8.4 during any other future Reset Period(s)).

- (b) Subject to paragraph (c) of this Condition 8.4, if:
- (i) the relevant Independent Adviser (acting in good faith and in a commercially reasonable manner) determines no later than five Business Days prior to the Reset Determination Date relating to the next Reset Period (the “**IA Mid Swap Determination Cut-off Date**”) that another rate (the “**Alternative Mid Swap Benchmark Rate**”) has succeeded or replaced the Mid Swap Benchmark Rate in customary market usage for setting rates comparable to the Mid Swap Rate; or
  - (ii) the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by the Issuer in accordance with paragraph (a) of this Condition 8.4 above fails to determine an Alternative Mid Swap Benchmark Rate prior to the relevant IA Mid Swap Determination Cut-off Date, the Issuer (acting in good faith and in a commercially reasonable manner) determines no later than three Business Days prior to the Reset Determination Date relating to the next Reset Period (the “**Issuer Mid Swap Determination Cut-off Date**”) that an Alternative Mid Swap Benchmark Rate has succeeded or replaced the Mid Swap Benchmark Rate in customary market usage for setting rates comparable to the Mid Swap Rate,

then the Mid Swap Rate for all future Reset Periods (subject to the subsequent operation of this Condition 8.4 during any other future Reset Period(s)) shall be the arithmetic mean of bid and offered rates determined as provided in these Conditions but as if references therein to the Mid Swap Benchmark Rate were references to the Alternative Mid Swap Benchmark Rate and with such adjustments (if any) as may (in the sole determination of such Independent Adviser or the Issuer (as applicable) acting in good faith and in a commercially reasonable manner) be necessary to take account of any adjustment factor to make such rates comparable to rates quoted on the basis of the Mid Swap Benchmark Rate being replaced by operation of this Condition 8.4.

Without prejudice to the definition thereof, for the purposes of determining an Alternative Mid Swap Benchmark Rate and/or applicable adjustments thereto (if any), the Issuer will take into account relevant and applicable market precedents as well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets and such other materials as the Issuer, in its sole discretion, considers appropriate.

- (c) Notwithstanding Condition 8.3 above, if:

- (i) the Independent Adviser appointed by the Issuer in accordance with paragraph (a) of this Condition 8.4 notifies the Issuer prior to the IA Mid Swap Determination Cut-off Date that it has determined that no rate has succeeded or replaced the Mid Swap Benchmark Rate in customary market usage for setting rates comparable to the Mid Swap Rate;
- (ii) the Independent Adviser appointed by the Issuer in accordance with paragraph (a) of this Condition 8.4 fails to determine an Alternative Mid Swap Benchmark Rate prior to the relevant IA Mid Swap Determination Cut-off Date, without notifying the Issuer as contemplated in subparagraph (c)(i) of this Condition 8.4, and the Issuer (acting in good faith and in a commercially reasonable manner) determines prior to the Issuer Mid Swap Determination Cut-off Date that no rate has succeeded or replaced the Mid Swap Benchmark Rate in customary market usage for setting rates comparable to the Mid Swap Rate; or
- (iii) an Alternative Mid Swap Benchmark Rate is not otherwise determined in accordance with paragraph (b) of this Condition 8.4 prior to the Issuer Mid Swap Determination Cut-off Date,

the Subsequent Reset Rate shall be determined as at the last preceding Reset Determination Date or, in the case of the first Reset Determination Date, the Subsequent Reset Rate shall be the Initial Rate of Interest (though substituting, where a different Margin is to be applied to the relevant Reset Period from that which applied to the last preceding Reset Period, the Margin relating to the relevant Reset Period in place of the Margin relating to that last preceding Reset Period).

This paragraph (c) shall apply to the relevant Reset Period only. Any subsequent Reset Period(s) shall be subject to the operation of this Condition 8.4.

- (d) Promptly following the determination of any Alternative Mid Swap Benchmark Rate as described in this Condition 8.4, the Issuer shall give notice thereof and of any adjustments (and the effective date(s) thereof) pursuant to this Condition 8.4 to the Trustee, the Issue and Paying Agent and the Holders.
- (e) The Trustee and the Issue and Paying Agent shall, at the direction and expense of the Issuer, effect such waivers and consequential amendments to the Trust Deed, the Agency Agreement, these Conditions and any other document as the relevant Independent Adviser or the Issuer (as applicable) determines may be required to give effect to any application of this Condition 8.4. Prior to any such waivers and/or consequential amendments taking effect, the Issuer shall provide a certificate signed by two Directors of the Issuer to the Trustee and the Issue and Paying Agent that such waivers and/or consequential amendments are required to give effect to any application of this Condition 8.4 and the Trustee and the Issue and Paying Agent shall be entitled to rely on such certificate without further enquiry or liability to any person. For the avoidance of doubt, the Trustee shall not be liable to the Noteholders or any other person for so acting or relying,

irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person. Such changes shall apply to the Notes for all future Reset Periods (subject to the subsequent operation of this Condition 8.4). No consent of the Holders shall be required in connection with effecting the relevant Alternative Mid Swap Benchmark Rate as described in this Condition 8.4 or such other relevant adjustments pursuant to this Condition 8.4, including for the execution of, or amendment to, any documents or the taking of other steps by the Issuer or any of the parties to the Trust Deed and/or the Agency Agreement (if required).

Notwithstanding the foregoing, the Trustee shall not be obliged to agree to any modification if in the sole 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 rights and/or the protective provisions afforded to the Trustee in these Conditions or the Trust Deed.

Notwithstanding any other provision of this Condition 8.4 no Alternative Mid Swap Benchmark Rate will be adopted, and no other amendments to the terms of the Notes will be made pursuant to this Condition 8.4, if and to the extent that, in the sole determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as Tier 2 Capital of the Issuer or of the Group.

#### **8.5 Notification of Subsequent Reset Rate and Interest Amounts**

The Issue and Paying Agent will cause the Subsequent Reset Rate and each Interest Amount for each Reset Period to be notified to the Issuer and the Trustee and any stock exchange or other relevant authority on which the relevant Reset Notes are for the time being listed or by which they have been admitted to listing and notice thereof to be published in accordance with Condition 20 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter.

#### **8.6 Determination or calculation on default**

If for any reason at any relevant time, the Issue and Paying Agent defaults in its obligation to determine the Subsequent Reset Rate or to calculate any Interest Amount in accordance with Condition 8.2 or 8.3, the Issuer shall determine the Subsequent Reset Rate at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition 8), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Issuer shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances. In making any such determination or calculation, the Issuer may appoint and rely on a determination or calculation by a calculation agent (which shall be an investment bank or other suitable entity of international repute). Each such determination or calculation shall be deemed to have been made by the Issue and Paying Agent.

## **8.7 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 8, whether by the Issue and Paying Agent, the Trustee or (in the context of Condition 8.4 only) an Independent Adviser, shall (in the absence of manifest error) be binding on the Issuer, the Issue and Paying Agent, the other Paying Agents, the Trustee and all Holders and (in the absence of wilful default and bad faith) no liability to the Issuer or the Holders or any other person shall attach to the Issue and Paying Agent, the Trustee or (in the context of Condition 8.4 only) an Independent Adviser in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

## **9. Floating Rate Note Provisions**

### **9.1 Application**

This Condition 9 is applicable to the Notes only if the Floating Rate Note Provisions are specified as applicable in the Final Terms.

### **9.2 Accrual of interest**

- (a) Each Floating Rate Note bears interest from (and including) the Interest Commencement Date at the Rate of Interest and such interest will be payable in arrear on each Interest Payment Date. Such interest will be payable in respect of each Interest Period.
- (b) Each Floating Rate Note (or, in the case of the redemption of part only of a Floating Rate Note, that part only of such Floating Rate Note) will cease to bear interest (if any) from the due date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue as provided in the Trust Deed.

### **9.3 ISDA Determination**

- (a) Where ISDA Determination is specified in the Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the Final Terms) the Margin (if any).
- (b) The "ISDA Rate" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Issue and Paying Agent under an interest rate swap transaction if the Issue and Paying Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
  - (i) the Floating Rate Option is as specified in the Final Terms;

- (ii) the Designated Maturity is a period specified in the Final Terms; and
  - (iii) the relevant Reset Date is the day specified in the Final Terms.
- (c) In this Condition 9.3, the expressions “Floating Rate”, “Calculation Agent”, “Floating Rate Option”, “Designated Maturity” and “Reset Date” have the meanings given to those terms in the ISDA Definitions.

#### **9.4 Screen Rate Determination**

- (a) Where Screen Rate Determination is specified in the Final Terms as the manner in which the Rate of Interest is to be determined, and unless Condition 9.7, 9.8, 9.9 or 9.9 applies, the Rate of Interest for each Interest Period will, subject as provided below, be either:
- (i) the offered quotation; or
  - (ii) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) 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 (or such replacement page on that service which displays the information) as at the Relevant Time on the Interest Determination Date in question plus or minus (as indicated in the Final Terms) the Margin (if any), all as determined by the Issue and Paying 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 Issue and Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.
- (b) If the Relevant Screen Page is not available or if, in the case of Condition 9.4(a)(i) above, no offered quotation appears or, in the case of Condition 9.4(a)(ii) above, fewer than three offered quotations appear, in each case as at the Relevant Time, the Issue and Paying Agent shall request each of the Reference Banks to provide the Issue and Paying Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Relevant Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Issue and Paying Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Issue and Paying Agent.
- (c) If on any Interest Determination Date one only or none of the Reference Banks provides the Issue and Paying Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be

the rate per annum which the Issue and Paying Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Issue and Paying Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Relevant 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 the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or if the Reference Rate is other than LIBOR or EURIBOR, the inter-bank market of the Relevant Financial Centre plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Issue and Paying Agent with offered rates, 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 (rounded as provided above) 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, at approximately the Relevant 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 the purpose) informs the Issue and Paying Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone interbank market (if the Reference Rate is EURIBOR) or if the Reference Rate is other than LIBOR or EURIBOR, the inter-bank market of the Relevant Financial Centre plus or minus (as appropriate) the Margin (if any), 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 is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

## **9.5 Reference Rate Replacement**

If:

- (1) Reference Rate Replacement is specified as applicable in the Final Terms;
- (2) Screen Rate Determination is specified in the Final Terms as the manner in which the Rate of Interest is to be determined; and
- (3) the Issuer determines in its sole discretion, including, but not limited to, on the basis of a public statement by the administrator or the supervisor of the administrator of the Reference Rate specified in the Final Terms, that the relevant Reference Rate has ceased (or will cease, prior to the next following Interest Determination Date) to be calculated or administered or published by the relevant administrator (in circumstances where no successor administrator has been appointed that will continue publication of the relevant Reference Rate), or that there has otherwise taken place (or will otherwise take place, prior to the next



following Interest Determination Date) a change in customary market practice in the international capital markets applicable generally to floating rate notes denominated in the Specified Currency (determined according to factors including, but not limited to, public statements, opinions and publications of industry bodies and organisations) to refer to a base rate other than the Reference Rate specified in the Final Terms despite the continued existence of such Reference Rate, when any Rate of Interest (or component thereof) remains to be determined by reference to the Reference Rate,

then the following provisions shall apply to the relevant Series of Notes:

- (a) The Issuer shall use reasonable endeavours to appoint an Independent Adviser, at the Issuer's own expense, to determine a Successor Reference Rate or, if such Independent Adviser is unable so to determine a Successor Reference Rate, an Alternative Reference Rate and, in each case, an Adjustment Spread (if any) (in any such case, acting in good faith and in a commercially reasonable manner) for the purposes of determining the Rate of Interest applicable to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 9.5 during any other future Interest Period(s)).
- (b) Subject to paragraph (c) of this Condition 9.5, if:
  - (i) the relevant Independent Adviser (acting in good faith and in a commercially reasonable manner), no later than five Business Days prior to the Interest Determination Date relating to the next Interest Period (the "**IA Determination Cut-off Date**"), determines a Successor Reference Rate or, if such Independent Adviser fails so to determine a Successor Reference Rate, an Alternative Reference Rate and, in each case, an Adjustment Spread (if any) (in any such case, acting in good faith and in a commercially reasonable manner) for the purposes of determining the Rate of Interest applicable to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 9.5 during any other future Interest Period(s)); or
  - (ii) the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by the Issuer in accordance with paragraph (a) of this Condition 9.5 fails to determine a Successor Reference Rate or an Alternative Reference Rate prior to the relevant IA Determination Cut-off Date, the Issuer (acting in good faith and in a commercially reasonable manner), no later than three Business Days prior to the Interest Determination Date relating to the next Interest Period (the "**Issuer Determination Cut-off Date**"), determines a Successor Reference Rate or, if the Issuer fails so to determine a Successor Reference Rate, an Alternative Reference Rate (as applicable) and, in each case, an Adjustment Spread (if any) (in any such case, acting in good faith and in a commercially reasonable manner) for the purposes of determining the Rate of Interest applicable to the Notes for all future

Interest Periods (subject to the subsequent operation of this Condition 9.5 during any other future Interest Period(s)),

then:

- (A) such Successor Reference Rate or Alternative Reference Rate (as applicable) shall be the Reference Rate for all future Interest Periods (subject to the subsequent operation of this Condition 9.5 during any other future Interest Period(s)).

Without prejudice to the definitions thereof, for the purposes of determining a Successor Reference Rate or Alternative Reference Rate, the Issuer will take into account relevant and applicable market precedents as well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets and such other materials as the Issuer, in its sole discretion, considers appropriate; and

- (B) if the relevant Independent Adviser or the Issuer (as applicable):
  - (x) determines that an Adjustment Spread is required to be applied to the Successor Reference Rate or Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to such Successor Reference Rate or Alternative Reference Rate (as applicable) for all future Interest Periods (subject to the subsequent operation of this Condition 9.5); or
  - (y) is unable to determine the quantum of, or a formula or methodology for determining, an Adjustment Spread, or determines that no such Adjustment Spread is required, then such Successor Reference Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread for all future Interest Periods (subject to the subsequent operation of this Condition 9.5).

Without prejudice to the definition thereof, for the purposes of determining an Adjustment Spread (if any), the Issuer will take into account relevant and applicable market precedents as well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets and such other materials as the Issuer, in its sole discretion, considers appropriate.

- (c) Notwithstanding Condition 9.4(b) or 9.4(c) above, if:

- (i) the Independent Adviser appointed by the Issuer in accordance with paragraph (a) of this Condition 9.5 notifies the Issuer prior to the IA Determination Cut-off Date that it has determined that no Successor Reference Rate or Alternative Reference Rate exists;
- (ii) the Independent Adviser appointed by the Issuer in accordance with paragraph (a) of this Condition 9.5 fails to determine a Successor Reference Rate or an Alternative Reference Rate prior to the relevant IA Determination Cut-off Date, without notifying the Issuer as contemplated in sub-paragraph (c)(i) of this Condition 9.5, and the Issuer (acting in good faith and in a commercially reasonable manner) determines prior to the Issuer Determination Cut-off Date that no Successor Reference Rate or Alternative Reference Rate exists; or
- (iii) neither a Successor Reference Rate nor an Alternative Reference Rate is otherwise determined in accordance with paragraph (b) of this Condition 9.5 prior to the Issuer Determination Cut-off Date,

the relevant Rate of Interest shall be determined as at the last preceding Interest Determination Date or, in the case of the first Interest Determination Date, the Rate of Interest shall be the Initial Rate of Interest (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

This paragraph (c) shall apply to the relevant Interest Period only. Any subsequent Interest Period(s) shall be subject to the operation of this Condition 9.5.

- (d) Promptly following the determination of any Successor Reference Rate or Alternative Reference Rate (as applicable) as described in this Condition 9.5, the Issuer shall give notice thereof and of any Adjustment Spread (and the effective date(s) thereof) pursuant to this Condition 9.5 to the Trustee, the Issue and Paying Agent and the Holders.
- (e) The Trustee and the Issue and Paying Agent shall, at the direction and expense of the Issuer, effect such waivers and consequential amendments to the Trust Deed, the Agency Agreement, these Conditions and any other document as may be required to give effect to any application of this Condition 9.5, including, but not limited to:
  - (i) changes to these Conditions which the relevant Independent Adviser or the Issuer (as applicable) determines may be required in order to follow market practice (determined according to factors including, but not limited to, public statements, opinions and publications of industry bodies and organisations) in relation to such Successor Reference Rate or Alternative Reference Rate (as applicable), including, but not limited to

(A) the relevant Business Centre(s), Business Day, Business Day Convention, Day Count Fraction, Interest Determination Date, Reference Banks, Relevant Financial Centre, Relevant Screen Page and/or Relevant Time applicable to the Notes and (B) the method for determining the fallback to the Rate of Interest in relation to the Notes if such Successor Reference Rate or Alternative Reference Rate (as applicable) is not available; and

- (ii) any other changes which the relevant Independent Adviser or the Issuer (as applicable) determines are reasonably necessary to ensure the proper operation and comparability to the Reference Rate of such Successor Reference Rate or Alternative Reference Rate (as applicable).

Prior to any such waivers and/or consequential amendments taking effect, the Issuer shall provide a certificate signed by two Directors of the Issuer to the Trustee and the Issue and Paying Agent that such waivers and/or consequential amendments are required to give effect to any application of this Condition 9.5 and the Trustee and the Issue and Paying Agent shall be entitled to rely on such certificate without further enquiry or liability to any person. For the avoidance of doubt, the Trustee shall not be liable to the Noteholders or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person. Such changes shall apply to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 9.5).

The Trustee shall not be obliged to agree to any modification if in the sole 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 rights and/or the protective provisions afforded to the Trustee in these Conditions or the Trust Deed.

No consent of the Holders shall be required in connection with effecting the relevant Successor Reference Rate or Alternative Reference Rate as described in this Condition 9.5 or such other relevant adjustments pursuant to this Condition 9.5, or any Adjustment Spread, including for the execution of, or amendment to, any documents or the taking of other steps by the Issuer or any of the parties to the Trust Deed and/or the Agency Agreement (if required).

- (f) Notwithstanding any other provision of this Condition 9.5 no Successor Reference Rate or Alternative Reference Rate will be adopted, and no other amendments to the terms of the Notes will be made pursuant to this Condition 9.5, if and to the extent that, in the sole determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as Tier 2 Capital of the Issuer or of the Group.

## 9.6 EONIA Linked Interest Notes

- (a) Where the Reference Rate is specified as being EONIA, the Rate of Interest for each Interest Period will be the rate (expressed as a percentage per annum rounded to the nearest ten-thousandths of a percentage point, with 0.00005 being rounded upwards) which will be calculated by the Calculation Agent and equal to the sum of Capitalised EONIA plus the Margin by reference to the Relevant Screen Page.
- (b) If, for any day “i” in respect of which EONIA<sub>1</sub> is to be determined, the Calculation Agent determines that:
  - (i) the Relevant Screen Page is not available; or
  - (ii) on the TARGET Business Day following the day “i” in respect of which EONIA<sub>1</sub> is to be determined, no overnight rate as referred to in the definition of “EONIA<sub>1</sub>” appears for any reason,

the Calculation Agent shall determine EONIA<sub>1</sub> for such day in its sole and absolute discretion on a commercial basis as it shall consider appropriate and in accordance with standard market practice.

## 9.7 SONIA Linked Interest Notes

- (a) Where the Reference Rate is specified as being SONIA, the Rate of Interest for each Interest Period will be the Compounded SONIA Rate (expressed as a percentage per annum rounded to the nearest one ten-thousandth of a percentage point, with 0.00005 being rounded upwards) which will be calculated by the Calculation Agent by reference to the Relevant Screen Page.
- (b) If, at any such time, the Calculation Agent determines that either the Relevant Screen Page is not available or that no requisite quotation appears, the Calculation Agent will determine the SONIA rate for such time and London Business Day in its sole and absolute discretion on a commercial basis as it shall consider appropriate and in accordance with standard market practice.

## 9.8 Federal Funds Rate Linked Interest Notes

Where the Reference Rate is specified as being the Federal Funds Rate, the Rate of Interest for each Interest Period will be calculated by the Calculation Agent and shall be equal to the Weighted Average U.S. Federal Funds Rate.

## 9.9 CMS Linked Interest Notes

- (a) Where the Reference Rate is specified as being the CMS Reference Rate, the Rate of Interest for each Interest Period will be calculated by the Calculation Agent and shall be equal to the sum of the CMS Rate plus the Margin, determined by reference to the Relevant Screen Page.

- (b) If the Relevant Screen Page is not available, the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its quotation for the Relevant Swap Rate (expressed as a percentage rate per annum) at approximately the Relevant Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent such quotations, the CMS Rate for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the quotations, 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).
- (c) If on any Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotations as provided in the preceding paragraph, the CMS Rate shall be determined by the Calculation Agent in its sole and absolute discretion on a commercial basis as it shall consider appropriate and in accordance with standard market practice.

#### **9.10 Minimum Rate of Interest and/or Maximum Rate of Interest**

- (a) If the Final Terms specify a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of this Condition 9 is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.
- (b) If the Final Terms specify a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of this Condition 9 is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

#### **9.11 Determination of Rate of Interest**

The Issue and Paying Agent or, in the case of Floating Rate Notes which are EONIA Linked Interest Notes, SONIA Linked Interest Notes, Federal Funds Rate Linked Interest Notes or CMS Linked Interest Notes, the Calculation Agent, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Floating Rate Notes which are EONIA Linked Interest Notes, SONIA Linked Interest Notes, Federal Funds Rate Linked Interest Notes or CMS Linked Interest Notes, the Calculation Agent will notify the Issue and Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

#### **9.12 Calculation of Interest Amount**

- (a) The Issue and Paying Agent or, in the case of Floating Rate Notes which are EONIA Linked Interest Notes, SONIA Linked Interest Notes, Federal Funds Rate Linked Interest Notes or CMS Linked Interest Notes, the Calculation Agent, will

calculate the Interest Amount payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (i) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or
- (ii) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

- (b) Where the Specified Denomination of a Floating Rate Note in definitive form comprises more than one Calculation Amount, the Interest Amount 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 without any further rounding.

### **9.13 Linear Interpolation**

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Issue and Paying Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Issue and Paying Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

### **9.14 Notification of Rate of Interest and Interest Amounts**

- (a) The Issue and Paying Agent or, in the case of Floating Rate Notes which are EONIA Linked Interest Notes, SONIA Linked Interest Notes, Federal Funds Rate Linked Interest Notes or CMS Linked Interest Notes, the Calculation Agent, will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and the Trustee and any stock exchange or other relevant authority on which the relevant Floating Rate Notes are for the time being listed or by which they have been admitted to listing and notice thereof to be published in accordance with Condition 20 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter.

- (b) Each Interest Amount and Interest Payment Date notified in accordance with Condition 9.14(a) may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange or other relevant authority on which the relevant Floating Rate Notes or are for the time being listed or by which they have been admitted to listing and to the Holders in accordance with Condition 20.

#### **9.15 Determination or calculation on default**

If for any reason at any relevant time the Issue and Paying Agent or, as the case may be, the Calculation Agent defaults in its obligation to determine the Rate of Interest or to calculate any Interest Amount in accordance with this Condition 9, the Issuer shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition 9, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the Final Terms), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Issuer shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances. In making any such determination or calculation, the Issuer may appoint and rely on a determination or calculation by a calculation agent (which shall be an investment bank or other suitable entity of international repute). Each such determination or calculation shall be deemed to have been made by the Issue and Paying Agent or the Calculation Agent, as applicable.

#### **9.16 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 9, whether by the Issue and Paying Agent or, if applicable, the Calculation Agent, the Trustee or (in the context of Condition 9.5 only) an Independent Adviser, shall (in the absence of manifest error) be binding on the Issuer, the Issue and Paying Agent, the Calculation Agent (if applicable), the other Paying Agents, the Trustee and all Holders and (in the absence of wilful default and bad faith) no liability to the Issuer or the Holders or any other person shall attach to the Issue and Paying Agent or, if applicable, the Calculation Agent, the Trustee or (in the context of Condition 9.5 only) an Independent Adviser in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

### **10. Fixed/Floating Rate Notes**

#### **10.1 Application**

This Condition 10 is applicable to the Notes only if the Fixed Rate Note Provisions and the Floating Rate Note Provisions are specified as applicable in the Final Terms.

#### **10.2 Fixed/Floating Rate**

The Issuer may issue Notes:



- (i) that the Issuer may elect to convert on the date set out in the Final Terms from a Fixed Rate Note to a Floating Rate Note, or from a Floating Rate Note to a Fixed Rate Note; or
- (ii) that will automatically convert from a Fixed Rate Note to a Floating Rate Note, or from a Floating Rate Note to a Fixed Rate Note, on the date set out in the Final Terms.

## 11. 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 has (x) no numerically corresponding day in the calendar month in which such date should occur or (y) would otherwise fall on a day that is not a Business Day, then:

- (i) if “Following Business Day Convention” is specified in the Final Terms, the relevant date shall be postponed to the first following day that is a Business Day;
- (ii) if “Modified Following Business Day Convention” or “Modified Business Day Convention” is specified in the Final Terms, the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (iii) if “Preceding Business Day Convention” is specified in the Final Terms, the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (iv) if “FRN Convention”, “Floating Rate Convention” or “Eurodollar Convention” is specified in the Final Terms, the relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the Final Terms as the Specified Period after the calendar month in which the preceding such date occurred provided, however, that:
  - (A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
  - (B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day;
  - (C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the

specified number of months after the calendar month in which the preceding such date occurred; and

- (v) if “No Adjustment” is specified in the Final Terms, the relevant date shall not be adjusted in accordance with any Business Day Convention.

## **12. Payments**

### **12.1 Method of payment**

- (a) Subject as provided below:
  - (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account and which, in the case of a payment on a Note in bearer form for U.S. federal income tax purposes, shall be an account outside the United States, except as may be permitted by United States federal income tax law) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (in no event, however, shall payment in respect of a Note in bearer form for U.S. federal income tax purposes be made by cheque mailed to an address in the United States); and
  - (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.
- (b) 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 14; 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 14) any law implementing an intergovernmental approach thereto.

### **12.2 Presentation of Bearer Notes and Coupons**

- (a) Payments of principal in respect of Bearer Notes will (subject as provided below) be made in the manner provided in Condition 12.1 only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Bearer Notes, and payments of interest in respect of Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender

(or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

- (b) Fixed Rate Notes in definitive bearer form (other than Long Maturity Notes) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 15) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.
- (c) Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.
- (d) Upon the date on which any Floating Rate Note, Reset Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.
- (e) If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.
- (f) Payments of principal and interest (if any) in respect of Notes represented by any Temporary or Permanent Global Note in bearer form will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes and otherwise in the manner specified in the relevant Temporary or Permanent Global Note in bearer form, where applicable, against presentation or surrender, as the case may be, of such Temporary or Permanent Global Note in bearer form at the specified office of any Paying Agent outside the United States. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made either on such Temporary or Permanent Global Note in bearer form by the Paying Agent to which it was presented or in the records of Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream, Luxembourg"), as applicable.

- (g) The Holder of a Temporary or Permanent Global Note in bearer form shall be the only person entitled to receive payments in respect of Notes represented by such Temporary or Permanent Global Note in bearer form and the Issuer will be discharged by payment to, or to the order of, the Holder of such Temporary or Permanent Global Note in bearer form in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg or any other clearing system as the beneficial holder of a particular nominal amount of Notes represented by such Temporary or Permanent Global Note in bearer form must look solely to Euroclear, Clearstream, Luxembourg or such other clearing system, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the Holder of such Temporary or Permanent Global Note in bearer form.

### **12.3 U.S. Paying Agent**

- (a) Notwithstanding the foregoing provisions of this Condition 12, if any amount of principal and/or interest in respect of Notes is payable in US dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:
  - (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in US dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
  - (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in US dollars; and
- (b) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

### **12.4 Registered Notes**

- (a) Payments of principal in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account of the Holder (or the first named of joint Holders) of the Registered Note appearing in the register:
  - (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date; and

- (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date.
- (b) Notwithstanding Condition 12.4(a), if:
  - (i) a Holder does not have a Designated Account; or
  - (ii) the nominal amount of the Registered Notes held by a Holder is less than US\$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank.
- (c) Payments of interest in respect of each Registered Note (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the Holder (or the first named of joint Holders) of the Registered Note appearing in the register:
  - (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date; and
  - (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the "Record Date") at his address shown in the register on the Record Date and at his risk.
- (d) Upon application of the Holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) in respect of the Registered Notes which become payable to the Holder who has made the initial application until the Registrar is notified in writing to the contrary by such Holder. Payment of the interest due in respect of each Registered Note on redemption will be made in the same manner as payment of the principal amount of such Registered Note.
- (e) Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition 12 arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such Holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

## **12.5 Payment Day**

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the Holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay.

## **12.6 Interpretation of principal and interest**

- (a) Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable:
  - (i) the Final Redemption Amount of the Notes;
  - (ii) the Optional Redemption Amount(s) (if any) of the Notes;
  - (iii) the Make Whole Redemption Price; and
  - (iv) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.
- (b) Any reference in these Conditions to interest or Arrears of Interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest or Arrears of Interest under Condition 14 or under any undertaking given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

## **13. Redemption, Variation, Substitution, Conversion and Purchase**

This Condition 13 is subject in all respects to Condition 4.

### **13.1 Redemption**

- (a) Unless previously redeemed, substituted, converted or purchased and cancelled as specified below, each Dated Note will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the Final Terms in the Specified Currency on the Maturity Date.
- (b) Undated Notes are perpetual securities in respect of which there is no maturity date.
- (c) Notes are not redeemable at the option of the Holders at any time.

### **13.2 Issuer's Call Option**

The Issuer may redeem the Notes in whole (but not in part) at its option, if specified in the Final Terms, on any Optional Redemption Date.

*The Solvency II Regulations require that the Notes may not be redeemed prior to the fifth anniversary of the Issue Date of the Notes unless such redemption is funded out of the proceeds of a new issuance of capital of the same or higher quality than the relevant Notes.*

*To satisfy this requirement, the Optional Redemption Date specified in any Final Terms may not occur prior to the fifth anniversary of the Issue Date of the Notes.*

### **13.3 Tax Event Redemption**

- (a) This Condition 13.3 shall apply to the Notes only if Tax Event Redemption is specified as being applicable in the Final Terms.
- (b) Subject as provided in these Conditions, the Issuer may redeem the Notes in whole (but not in part) at any time upon the occurrence of a Tax Event.
- (c) If and to the extent required by the Capital Regulations applicable in relation to Tier 2 Capital, and except as otherwise indicated to the Issuer by the PRA, the Issuer may not redeem the Notes upon the occurrence of a Tax Event prior to the fifth anniversary of the Issue Date of the Notes unless such redemption is funded out of the proceeds of a new issuance of capital of the same or higher quality than the relevant Notes.

### **13.4 Tax Event Redemption and Refinancing Option**

- (a) This Condition 13.4 shall apply to the Notes only if Tax Event Redemption and Refinancing Option is specified as being applicable in the Final Terms.
- (b) Subject as provided in these Conditions, the Issuer may, at any time upon the occurrence of a Tax Event in its sole discretion:
  - (i) redeem the Notes in whole (but not in part); or
  - (ii) to address such Tax Event, substitute the Notes in whole (but not in part) for, or vary these Conditions and/or the terms of the Trust Deed such that they are treated as, an issue of Qualifying Tier 2 Capital.
- (c) If and to the extent required by the Capital Regulations applicable in relation to Tier 2 Capital, and except as otherwise indicated to the Issuer by the PRA, the Issuer may not redeem the Notes upon the occurrence of a Tax Event prior to the fifth anniversary of the Issue Date of the Notes unless such redemption is funded out of the proceeds of a new issuance of capital of the same or higher quality than the relevant Notes.
- (d) The Trustee shall use its reasonable endeavours to assist the Issuer in substitution or variation of the Notes in accordance with this Condition 13.4, provided that the Trustee shall not be obliged to participate or assist in any such substitution or variation if the terms of the notes into which the Notes are to be

substituted or are to be varied impose, in the Trustee's opinion, more onerous obligations upon it.

### **13.5 Regulatory Event Redemption**

- (a) This Condition 13.5 shall apply to the Notes only if Regulatory Event Redemption is specified as being applicable in the Final Terms.
- (b) Subject as provided in these Conditions, the Issuer may redeem the Notes in whole (but not in part) at any time upon the occurrence of a Regulatory Event.
- (c) If and to the extent required by the Capital Regulations applicable in relation to Tier 2 Capital, and except as otherwise indicated to the Issuer by the PRA, the Issuer may not redeem the Notes upon the occurrence of a Regulatory Event prior to the fifth anniversary of the Issue Date of the Notes unless such redemption is funded out of the proceeds of a new issuance of capital of the same or higher quality as the relevant Notes.

### **13.6 Regulatory Event Redemption and Regulatory Event Refinancing Option**

- (a) This Condition 13.6 shall apply to the Notes only if Regulatory Event Redemption and Regulatory Event Refinancing Option is specified as being applicable in the Final Terms.
- (b) Subject as provided in these Conditions, the Issuer may, at any time upon the occurrence of a Regulatory Event, in its sole discretion:
  - (i) redeem the Notes in whole (but not in part); or
  - (ii) substitute the Notes in whole (but not in part) for, or vary these Conditions and/or the terms of the Trust Deed such that they are treated as, an issue of Qualifying Tier 2 Capital.
- (c) If and to the extent required by the Capital Regulations applicable in relation to Tier 2 Capital, and except as otherwise indicated to the Issuer by the PRA, the Issuer may not redeem the Notes upon the occurrence of a Regulatory Event prior to the fifth anniversary of the Issue Date of the Notes unless such redemption is funded out of the proceeds of a new issuance of capital of the same or higher quality as the relevant Notes.
- (d) The Trustee shall use its reasonable endeavours to assist the Issuer in substitution or variation of the Notes in accordance with this Condition 13.6, provided that the Trustee shall not be obliged to participate or assist in any such substitution or variation if the terms of the notes into which the Notes are to be substituted or are to be varied impose, in the Trustee's opinion, more onerous obligations upon it.



### **13.7 Rating Event Redemption**

- (a) This Condition 13.7 shall apply to the Notes only if Rating Event Redemption is specified as being applicable in the Final Terms.
- (b) Subject as provided in these Conditions, the Issuer may redeem the Notes in whole (but not in part) at any time upon the occurrence of a Rating Event.
- (c) If and to the extent required by the Capital Regulations applicable in relation to Tier 2 Capital, and except as otherwise indicated to the Issuer by the PRA, the Issuer may not redeem the Notes upon the occurrence of a Rating Event prior to the fifth anniversary of the Issue Date of the Notes unless such redemption is funded out of the proceeds of a new issuance of capital of the same or higher quality than the relevant Notes.

### **13.8 Redemption Procedures**

- (a) Any redemption, substitution or variation under this Condition 13 may be made on not less than 30 nor more than 60 days' notice to the Trustee and the Issue and Paying Agent in writing and to the Holders in accordance with Condition 20.
- (b) If the Notes are redeemed at the Issuer's option pursuant to Condition 13.2, such Notes shall be redeemed on any Optional Redemption Date at their Optional Redemption Amount together with accrued interest (including any interest not paid on a Compulsory Interest Payment Date (if applicable)) to the Redemption Date and the aggregate amount of any Arrears of Interest, each as provided in these Conditions.
- (c) If the Notes are to be redeemed pursuant to Condition 13.3 or 13.4 on the occurrence of a Par Tax Event, the Notes may be redeemed at any time (if and so long as such Note is not a Floating Rate Note) or on any Interest Payment Date (if and so long as such Note is a Floating Rate Note) at the outstanding principal amount of the Notes, together with accrued interest (including any interest not paid on a Compulsory Interest Payment Date) to the Redemption Date and the aggregate amount of any Arrears of Interest, each as provided in these Conditions.
- (d) If the Notes are to be redeemed pursuant to Condition 13.3 or 13.4 on the occurrence of an Other Tax Event, the Notes may be redeemed at any time (if and so long as such Note is not a Floating Rate Note) or on any Interest Payment Date (if and so long as such Note is a Floating Rate Note) at:
  - (i) in the case of an Other Tax Event occurring on or after the first Optional Redemption Date (if any), the outstanding principal amount of the Notes; and
  - (ii) in the case of an Other Tax Event occurring prior to the first Optional Redemption Date (if any), the outstanding principal amount of the Notes

or their Make Whole Redemption Price as specified in the Final Terms, together, in each case, with accrued interest (including any interest not paid on a Compulsory Interest Payment Date) to the Redemption Date and the aggregate amount of any Arrears of Interest, each as provided in these Conditions.

- (e) If the Notes are to be redeemed pursuant to Condition 13.5, 13.6 or 13.7 on the occurrence of a Regulatory Event or a Rating Event, the Notes may be redeemed at any time (if and so long as such Note is not a Floating Rate Note) or on any Interest Payment Date (if and so long as such Note is a Floating Rate Note) at:
  - (i) in the case of a Regulatory Event or Rating Event occurring on or after the first Optional Redemption Date (if any), the outstanding principal amount of the Notes; and
  - (ii) in the case of a Regulatory Event or Rating Event occurring prior to the first Optional Redemption Date (if any), the outstanding principal amount of the Notes or their Make Whole Redemption Price as specified in the Final Terms, together, in each case, with accrued interest (including any interest not paid on a Compulsory Interest Payment Date) to the Redemption Date and the aggregate amount of any Arrears of Interest, each as provided in these Conditions.
  
- (f) Prior to the giving of any notice of redemption, substitution or variation following the occurrence of a Tax Event, Regulatory Event or Rating Event, the Issuer shall deliver to the Trustee:
  - (i) a certificate, signed by two Directors of the Issuer, stating that the Issuer is entitled to effect such redemption or substitution or variation and setting forth a statement of facts showing that the conditions precedent to the right to redeem or, as the case may be, substitute or vary have occurred and, in the case of the event described in paragraph (a) of the definition of Tax Event, that the payment of such additional amounts cannot be avoided by using reasonable measures available to it; and
  - (ii) in the case of a Tax Event, an opinion of independent legal advisers of recognised standing to the effect that the Issuer is entitled to exercise its right of redemption or substitution or variation.

The Trustee shall be entitled to accept such certificate and, where applicable, such 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 Holders.

- (g) Any notice of redemption will be irrevocable, subject to the Redemption Date postponement requirements set out below. Failure to pay or set aside for payment the principal amount of the Notes to be redeemed, any accrued but unpaid interest, any Arrears of Interest, each as provided in these Conditions

within 14 days of the Redemption Date, as postponed, if applicable, will constitute a Default.

(h) If Spens Amount is specified in the Final Terms, the Make Whole Redemption Price shall be an amount equal to the higher of:

(i) 100 per cent. of the principal amount outstanding of the Notes to be redeemed; and

(ii) the principal amount outstanding of the Notes to be redeemed multiplied by the price, as reported to the Issuer and the Trustee by the Determination Agent, at which the Gross Redemption Yield on such Notes on the Reference Date is equal to the Gross Redemption Yield (determined by reference to the middle market price) at the Quotation Time specified in the Final Terms on the Reference Date of the Reference Bond, plus the Redemption Margin, all as determined by the Determination Agent.

(i) If Make Whole Redemption Amount is specified in the Final Terms, the Make Whole Redemption Price shall be an amount calculated by the Determination Agent equal to the higher of:

(i) 100 per cent. of the principal amount outstanding of the Notes to be redeemed; and

(ii) the sum of the present values of the principal amount outstanding of the Notes to be redeemed and the Remaining Term Interest on such Note (exclusive of interest accrued to the date of redemption) and such present values shall be calculated by discounting such amounts to the date of redemption on an annual basis (assuming a 360-day year consisting of twelve 30-day months or, in the case of an incomplete month, the number of days elapsed) at the Reference Bond Rate, plus the Redemption Margin.

(j) In this Condition 13.8:

“Determination Agent” means an investment bank or financial institution of international standing selected by the Issuer after consultation with the Trustee;

“FA Selected Bond” means:

(a) in the case of Dated Notes, a government security or securities selected by the Determination Agent as having an actual or interpolated maturity comparable with the remaining term to:

(i) if no Optional Redemption Date is specified in the Final Terms, the Maturity Date; or

- (ii) if an Optional Redemption Date is specified in the Final Terms, the first Optional Redemption Date of the Notes, that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the Specified Currency and of a comparable maturity to the remaining term to:
  - (A) if no Optional Redemption Date is specified in the Final Terms, the Maturity Date; or
  - (B) if an Optional Redemption Date is specified in the Final Terms, the first Optional Redemption Date of the Notes; and
- (b) in the case of Undated Notes, a government security or securities selected by the Determination Agent as having an actual or interpolated maturity comparable with the remaining term to the first Optional Redemption Date of the Notes, that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the Specified Currency and of a comparable maturity to the remaining term to the first Optional Redemption Date of the Notes;

“Gross Redemption Yield” means, with respect to a security, the gross redemption yield on such security, expressed as a percentage and calculated by the Determination Agent on the basis set out by the United Kingdom Debt Management Office in the paper “Formulae for Calculating Gilt Prices from Yields”, page 4, Section One: Price/Yield Formulae “Conventional Gilts”; Double dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date” (published 8 June 1998, as amended or updated from time to time) on a semi-annual compounding basis (converted to an annualised yield and rounded up (if necessary) to four decimal places) or on such other basis as the Trustee may approve in consultation with any relevant expert (such expert to be selected by the Trustee and approved by the Issuer), whose fees shall be payable together with the Trustee’s fees by the Issuer;

“Redemption Margin” shall be such amount as is specified in the Final Terms, which shall be a single amount that applies from the Issue Date until redemption of the Notes;

“Reference Bond” shall be as set out in the Final Terms or the FA Selected Bond;

“Reference Bond Price” means, with respect to any date of redemption:

- (a) the arithmetic average of the Reference Government Bond Dealer Quotations for such Redemption Date, after excluding the highest and lowest such Reference Government Bond Dealer Quotations; or
- (b) if the Determination Agent obtains fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations;

“Reference Bond Rate” means, with respect to any Redemption Date, the rate per annum equal to the annual or semi-annual yield (as the case may be) to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price for such Redemption Date;

“Reference Date” means the date specified as such in the relevant notice of redemption;

“Reference Government Bond Dealer” means each of five banks selected by the Issuer, or their affiliates, which are:

- (a) primary government securities dealers, and their respective successors, or
- (b) market makers in pricing corporate bond issues;

“Reference Government Bond Dealer Quotations” means, with respect to each Reference Government Bond Dealer and any Redemption Date, the arithmetic average, as determined by the Determination Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) at the Quotation Time specified in the Final Terms on the Reference Date quoted in writing to the Determination Agent by such Reference Government Bond Dealer; and

“Remaining Term Interest” means:

- (a) with respect to any Dated Note, the aggregate amount of scheduled payment(s) of interest (assuming each such scheduled interest payment to be due in full) on such Note for the remaining term to (i) the Maturity Date or (ii) if an Optional Redemption Date is specified in the Final Terms, the first Optional Redemption Date of such Note determined on the basis of the rate of interest applicable to such Note from and including the Redemption Date; and
- (b) with respect to any Undated Note, the aggregate amount of scheduled payment(s) of interest (assuming each such scheduled interest payment to be due in full) on such Note for the remaining term until the first Optional Redemption Date of such Note determined on the basis of the rate of interest applicable to such Note from and including the Redemption Date.

### **13.9 Purchases**

Subject to Condition 4, the Issuer and any of its Subsidiaries may at any time purchase Notes (provided that, in the case of definitive Bearer Notes, any unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise.

### **13.10 Cancellation**

All Notes which are redeemed, exchanged or purchased will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered

therewith at the time of redemption). All Notes so cancelled (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Issue and Paying Agent and cannot be re-issued or resold.

#### **14. Taxation**

All payments of principal and interest by or on behalf of the Issuer (including payments of Arrears of Interest) in respect of the Notes and Coupons will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the United Kingdom, or any political sub-division of, or any authority of, or in, the United Kingdom having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer will, in respect of payments of interest only and not in respect of payments of principal, pay such additional amounts as shall be necessary in order that the net amounts received by the Holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of any requirement to make such withholding or deduction; except that no such additional amounts shall be payable in relation to any Note or Coupon:

- (a) presented for payment by, or on behalf of, a Holder who is liable for such taxes, duties or governmental charges in respect of such Note or Coupon by reason of his having some connection with the United Kingdom other than the mere holding of such Note or Coupon; or
- (b) presented for payment by, or on behalf of, a Holder who would be able to avoid such withholding or deduction by complying with any statutory requirements (including, but not limited to, obtaining and/or presenting any form of certificate) or by making a declaration or any other statement or claim for exemption (including, but not limited to, a declaration of nonresidence), but fails to do so; or
- (c) presented for payment more than 30 days after the Relevant Date except to the extent that the relevant Holder would have been entitled to such additional amounts on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day.

#### **15. Prescription**

- (a) Claims in respect of principal and interest or other sums payable hereunder will be prescribed unless made within 10 years (in the case of principal) or five years (in the case of interest) from the Relevant Date in relation thereto, subject to the provisions of Condition 12.2.
- (b) There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 15 or Condition 12.2 or any Talon which would be void pursuant to Condition 12.2.

## 16. Events of Default and Enforcement

- (a) If a Default occurs and is continuing, the Trustee may, notwithstanding the provisions of Condition 16(c), institute proceedings for the winding-up in England and Wales (but not elsewhere) of the Issuer and/or prove in the winding-up of the Issuer and/or claim in the liquidation of the Issuer for such payment.
- (b) If an order is made by any competent court or resolution passed for the winding-up or dissolution of the Issuer, save for the purposes of a reconstruction or amalgamation on terms previously approved in writing by the Trustee or by an Extraordinary Resolution of the Holders of the Notes, the Trustee may, subject as provided below, give notice to the Issuer that the Notes are, and they shall accordingly forthwith become, immediately due and repayable at an amount equal to their principal amount outstanding together with any Arrears of Interest and any accrued interest as provided in the Trust Deed.
- (c) Without prejudice to Condition 16(a), the Trustee may at its discretion and without further notice institute such proceedings 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 relating to or arising from the Notes, the Coupons or the Trust Deed relating to them or arising therefrom) provided that the Issuer shall not by virtue of the institution of any such proceedings 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 16(c) shall, however, prevent the Trustee instituting proceedings for the winding-up of the Issuer, proving in any winding-up of the Issuer and/or claiming in any liquidation of the Issuer in respect of any payment obligations of the Issuer arising from or under the Notes, the Coupons or the Trust Deed (including any damages awarded for breach of any obligations).
- (d) The Trustee shall not be bound to take any of the actions referred to in this Condition 16 against the Issuer to enforce the terms of the Trust Deed, the relevant Notes or the relevant Coupons or to take any other action under the Trust Deed unless:
  - (i) it shall have been so requested by an Extraordinary Resolution (as defined in the Trust Deed) of the Holders or in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding; and
  - (ii) it shall have been indemnified and/or secured and/or prefunded to its satisfaction in accordance with Clause 10 of the Trust Deed.
- (e) No Holder shall be entitled to proceed directly against the Issuer or to institute proceedings for the winding-up in England and Wales of the Issuer 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 is

continuing, in which case a Holder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise as set out in this Condition 16.

**17. Replacement of Notes, Coupons and Talons**

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Issue and Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

**18. Paying Agents and Calculation Agent**

- (a) The names of the initial Paying Agents and their specified offices are set out below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the Final Terms.
- (b) The Issuer is entitled, with the prior written approval of the Trustee, to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:
  - (i) there will at all times be an Issue and Paying Agent and, in respect of Registered Notes, a Registrar; and
  - (ii) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority.
- (c) In addition, the Issuer shall appoint a Paying Agent approved in writing by the Trustee having a specified office in New York City in the circumstances described in Condition 12.3.
- (d) Notice of any variation, termination, appointment or change in Paying Agents will be given to Holders promptly by the Issuer in accordance with Condition 20.
- (e) In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and, in certain limited circumstances, the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Holders. The Agency Agreement contains provisions permitting any entity into which the Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent, registrar or exchange agent, as the case may be.



## **19. Exchange of Talons**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Issue and Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 15.

## **20. Notices**

- (a) All notices regarding Bearer Notes shall be published in a leading English language daily newspaper of general circulation in London. It is expected that such publication will be made in 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 other stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to listing. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of publication in the last of such newspapers.
- (b) Notices to Holders of Registered Notes will be deemed to be validly given if sent by first class mail (or equivalent) or (if posted to an overseas address) by air mail to them (or, in the case of joint Holders, to the first-named in the register kept by the Registrar) at their respective addresses as recorded in the register kept by the Registrar, and will be deemed to have been validly given on the fourth weekday after the date of such mailing or, if posted from another country, on the fifth such day.
- (c) Notices to be given by any Holder shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Issue and Paying Agent.

## **21. Meetings of Holders, Modification, Waiver, Determination and Substitution etc.**

### **21.1 Conditions to Modification, Amendment, Waiver and Substitution**

No modifications or amendments may be made to, nor any waiver granted in respect of, these Conditions or any of the provisions of the Trust Deed pursuant to Condition 21.2 or 21.3, nor may the Issuer be substituted as principal debtor under the Trust Deed, the Notes and the Coupons pursuant to Condition 21.4, unless the Issuer has given prior notice to the PRA, and the PRA has given its prior approval or consented to such modification, amendment, waiver or substitution, in each case in accordance with, and to the extent required under, the Capital Regulations applicable in relation to Tier 2 Capital at the time of such modification, amendment, waiver or substitution.

## 21.2 Meetings

- (a) The Trust Deed contains provisions for convening meetings of the Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes and the Coupons relating to them or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer and shall be convened by the Issuer upon the request of Holders holding not less than 5 per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing more than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Holders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or the Coupons or the Trust Deed (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Holders shall be binding on all the Holders, whether or not they are present at the meeting.
- (b) The Trust Deed contains provisions for an Extraordinary Resolution to take the form of an instrument or instruments signed by the Holder or the Holders of not less than three-quarters in nominal amount of the Notes for the time being outstanding.

## 21.3 Modifications

- (a) The Trustee may agree, without the consent of the Holders, 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 or determine that any Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such which in any such case is not, in the opinion of the Trustee, materially prejudicial to the interests of the Holders or to any modification which is of a formal, minor or technical nature or to correct a manifest error or an error which, in the opinion of the Trustee is proven.
- (b) Any modification, waiver, authorisation or determination shall be binding on the Holders and, unless the Trustee agrees otherwise, shall be notified by the Issuer to the Holders as soon as practicable thereafter in accordance with Condition 20.
- (c) The Trustee shall be obliged to concur with the Issuer in effecting any amendments to the interest calculation provisions and provisions related thereto of the Notes in the circumstances and as otherwise set out in Conditions 8 and 9

without the requirement for the consent or sanction of the Holders or Couponholders.

## 21.4 Substitution

### (a) General right

Subject as provided in the Trust Deed the Trustee, if it is satisfied that to do so would not be materially prejudicial to the interests of the Holders, may agree with the Issuer, without the consent of the Holders, to the substitution in place of the Issuer as principal debtor under the Trust Deed, the Notes and the Coupons of:

- (i) any Subsidiary of the Issuer;
- (ii) any successor in business of the Issuer;
- (iii) any Holding Company of the Issuer; or
- (iv) any other Subsidiary of such Holding Company,

provided that except where the new principal debtor is the successor in business or Holding Company of the Issuer the obligations of such new principal debtor under the Trust Deed, the Notes and the Coupons shall be unconditionally and irrevocably guaranteed by the Issuer or its Holding Company and provided further that the obligations of the Issuer or, as the case may be, its Holding Company under such guarantee shall be subordinated on a basis considered by the Trustee to be equivalent to that described in Condition 4.

### (b) Issuer optional right

This Condition 21.4(b) is applicable to the Notes only if Issuer Optional Substitution is specified as applicable in the Final Terms. Subject as provided in the Trust Deed, the Trustee shall, at the request of the Issuer and without the consent of the Holders, agree to effect the substitution of any Subsidiary of the Issuer (a "**New M&G Prudential HoldCo**") in place of the Issuer as principal debtor under the Trust Deed, the Notes and the Coupons, provided that:

- (i) New M&G Prudential HoldCo shall be:
  - (A) a Holding Company of M&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&G Prudential HoldCo (or other officers acceptable to the Trustee) shall certify to the Trustee (upon which certificate the Trustee shall be entitled to rely absolutely and without enquiry or liability) that New M&G Prudential HoldCo is solvent at the time

at which the substitution is effected and will be solvent immediately thereafter;

- (iii) two directors of the Issuer (or other officers acceptable to the Trustee) shall certify to the Trustee (upon which certificate the Trustee shall be entitled to rely absolutely and without enquiry or liability) that no Default has occurred and is continuing at the time at which the substitution is effected;
  - (iv) all authorisations, consents, approvals, filings, notifications and registrations required in connection with the substitution have been obtained or effected; and
  - (v) the Issuer or New M&G Prudential HoldCo shall give or procure to be given to the Trustee such customary legal opinions as the Trustee shall properly require and in such form as the Trustee shall properly require for the purpose of the discharge or exercise of the Trustee's duties in connection with the substitution.
- (c) If and to the extent that a substitution effected in accordance with the provisions of Condition 21.4(b) directly results in the occurrence of a Tax Event or a Regulatory Event, the Issuer shall not be entitled to exercise any rights arising as a result of such Tax Event or Regulatory Event (as applicable). This condition 21.4(c) shall not, however, prevent or otherwise affect a Tax Event or Regulatory Event occurring after completion of a substitution and which does not occur as a direct result of such substitution.
- (d) Following the exercise by the Issuer of the right under Condition 21.4(b) and the subsequent completion of the substitution of New M&G Prudential HoldCo in place of Prudential as principal debtor under the Trust Deed, Notes and Coupons, Condition 21.4(b) shall cease to apply and shall be of no further effect in respect of the Notes.
- (e) Any substitution in accordance with the provisions of this Condition 21.4 shall be binding on the Holders and, unless the Trustee agrees otherwise, any such substitution shall be notified by the Issuer to the Holders as soon as practicable thereafter in accordance with Condition 20.

## **21.5 Exercise of Trustee's powers and discretions**

In connection with the exercise by it of any of its trusts, powers, authorities or discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Holders as a class but shall not have regard to any interests arising from circumstances particular to individual Holders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of the exercise of its trusts, powers, authorities or discretions for individual Holders (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 Holder 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 Holders, except to the extent already provided for in Condition 14 and/or any undertaking given in addition to, or in substitution for, Condition 14 pursuant to the Trust Deed.

## **22. Further issues**

The Issuer shall be at liberty from time to time without the consent of the Holders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes. The Trust Deed contains provisions for convening a single meeting of the Holders and the holders of the notes of other series in circumstances where the Trustee so decides.

## **23. Definitions**

In these Conditions:

“Adjustment Spread” means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which is required to be applied to a Successor Reference Rate or an Alternative Reference Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to Holders as a result of the replacement of the Reference Rate with such Successor Reference Rate or Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

- (a) in the case of a Successor Reference Rate, is formally recommended in relation to the replacement of the Reference Rate with such Successor Reference Rate by any Relevant Nominating Body; or
- (b) in the case of a Successor Reference Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the relevant Independent Adviser or the Issuer (as applicable) determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Reference Rate, where such rate has been replaced by such Successor Reference Rate or Alternative Reference Rate (as applicable); or
- (c) if no such customary market usage is recognised or acknowledged, the relevant Independent Adviser or the Issuer (as applicable) in its discretion determines (acting in good faith and in a commercially reasonable manner) to be appropriate;

“Alternative Mid Swap Benchmark Rate” has the meaning given to such term in Condition 8.4;

“Alternative Reference Rate” means the rate which has replaced the Reference Rate in customary market usage in the international debt capital markets for the purposes of determining floating rates of interest in respect of notes denominated in the Specified Currency and of a comparable duration to the relevant Interest Periods, or, if the relevant Independent Adviser or the Issuer (as applicable) determines that there is no such rate, such other rate as such Independent Adviser or the Issuer (as applicable) determines in its discretion is most comparable to the Reference Rate;

“Arrears of Interest” means any interest payment which the Issuer has elected to defer on an Interest Payment Date in accordance with Condition 5 or which the Issuer has been required to defer on an Interest Payment Date in accordance with Condition 6, together with any interest accrued thereon in the limited circumstances referred to in Condition 13.8 and any interest payments that the Issuer does not make because the Issuer does not satisfy the Solvency Condition, or either the Solvency Capital Requirement or the Minimum Capital Requirement is (or both are) not met, and which has not been satisfied;

“Assets” means the total amount of the Issuer’s non-consolidated gross assets as shown by the then latest published balance sheet, but adjusted for contingencies and for subsequent events, and to such extent as such person or persons giving the Solvency Condition report may determine;

“Auditors” means the auditors for the time being of the Issuer or, in the event of their being unable or unwilling promptly to carry out any action requested of them pursuant to the provisions of these Conditions or the Trust Deed, such other firm of accountants as may be nominated or approved by the Trustee after consultation with the Issuer;

“Business Day” means a day which is both:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each Additional Business Centre specified in the Final Terms (if any); and
- (b) either:
  - (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); or
  - (ii) in relation to any sum payable in euro, a TARGET Business Day;

“Calculation Amount” means the amount specified as such in the Final Terms;

“Capital Adequacy Condition” means:

- (a) in relation to The Prudential Assurance Company Limited, the Issuer's wholly-owned subsidiary ("Prudential Assurance"), the ratio of its Regulatory Assets to its Regulatory Capital Requirement is at least 125%; or
- (b) if there is a Regulatory Capital Requirement applicable to the Issuer either directly or in relation to it and its Subsidiaries as a group, the Issuer exceeds such Regulatory Capital Requirement by a factor of at least 25% of such Regulatory Capital Requirement; or
- (c) if there is no Regulatory Capital Requirement applicable to the Issuer, its total Assets exceed its total Liabilities, other than liabilities to persons that are not Senior Creditors by at least 125% of such percentage specified by the PRA as the Regulatory Capital Requirement applicable to Prudential Assurance; or
- (d) in relation to the Issuer's EEA Insurance Subsidiaries, each EEA Insurance Subsidiary complies with the Capital Regulations applicable to it;

"Capital Regulations" means the legislation, rules and regulations (whether having the force of law or otherwise) that require the Issuer or any of the Issuer's EEA Insurance Subsidiaries to meet a Regulatory Capital Requirement including, without limitation, pursuant to Directive 98/78/EC and Directive 2002/87/EC of the European Union (the "Directives"), the Solvency II Regulations or any legislation, rules or regulations (whether having the force of law or otherwise) in any state within the European Economic Area (which includes the European Union together with Norway, Liechtenstein and Iceland) implementing the Directives or Solvency II Regulations, and any amendment, supplement or replacement thereof from time to time;

"Capitalised EONIA" means the resultant figure of the following formula:

$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{EONIA_1 \times n_1}{360} \right) - 1 \right] \times \frac{360}{d}$$

where:

"d<sub>0</sub>" means, for the relevant Interest Period, the number of TARGET Business Days in such Interest Period;

"EONIA<sub>1</sub>" has the meaning given to such term in this Condition 23;

"i" means a series of whole numbers from one to d<sub>0</sub>, each representing the relevant TARGET Business Days in chronological order from, and including, the first TARGET Business Day in the relevant Interest Period;

"n<sub>1</sub>" means the number of calendar days in the relevant Interest Period;

"d" means the number of calendar days in the relevant Interest Period;

“CMS Rate” shall mean the Relevant Swap Rate for swap transactions in the Reference Currency with a maturity of the Designated Maturity (expressed as a percentage rate per annum) which appears on the Relevant Screen Page as at the Relevant Time on the Interest Determination Date in question, all as determined by the Calculation Agent;

“Compounded SONIA Rate” means, in respect of each period for which it is required to be calculated, the result of the following formula:

$$(\text{SONIA} + \text{Margin})_{\text{compounded}}$$

where:

$$(\text{SONIA} + \text{Margin})_{\text{compounded}} = \frac{365}{D} \times \left[ \prod_{i=1}^{D_0} \left( 1 + \frac{(r_i) \times d_i}{365} \right) - 1 \right]$$

and:

“D” means the number of calendar days in the relevant Observation Period;

“D<sub>0</sub>” means the number of London Business Days in the relevant Observation Period;

“i” means a series of whole numbers from one to D<sub>0</sub>, each representing the relevant London Business Days in chronological order from, and including, the first London Business Day in the relevant Observation Period;

“r<sub>i</sub>” means, for any London Business Day i in the relevant Observation Period, the SONIA rate in respect of such London Business Day plus the Margin;

“d<sub>i</sub>” means the number of calendar days in the relevant Observation Period for which the SONIA rate is applicable. The SONIA rate determined for each London Business Day applies for and including such London Business Day and also for all immediately following days that are not London Business Days until but excluding the succeeding London Business Day;

“Compulsory Interest Payment Date” means any Interest Payment Date on which:

- (a) the Issuer satisfies the Solvency Condition and both the Solvency Capital Requirement and the Minimum Capital Requirement are met, in each case both at the time of, and immediately after, the relevant interest payment;



- (b) the Issuer has, in the six calendar months immediately preceding such Interest Payment Date, declared or paid any dividend on any class of its share capital; and
- (c) the Issuer is not required to defer payments of interest on the Notes pursuant to the terms of any Parity Security issued prior to 1 January, 2016.

“Dated Notes” means any Notes so specified in the Final Terms;

“Day Count Fraction” means, in respect of the calculation of an amount of interest for any Interest Period:

- (a) if “Actual/Actual (ICMA)” is specified in the Final Terms:
  - (i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “Accrual Period”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of:
    - (A) the number of days in such Determination Period; and
    - (B) the number of Determination Dates (as specified in the Final Terms) that would occur in one calendar year; or
  - (ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the Final Terms) that would occur in one calendar year; and
    - (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;
- (b) if “Actual/Actual (ISDA)” or “Actual/Actual” is specified in the Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of:
  - (i) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366; and

- (ii) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (c) if “Actual/365 (Fixed)” is specified in the Final Terms, the actual number of days in the Interest Period divided by 365;
- (d) if “Actual/365 (Sterling)” is specified in the Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (e) if “Actual/360” is specified in the Final Terms, the actual number of days in the Interest Period divided by 360;
- (f) if “30/360”, “360/360” or “Bond Basis” is specified in the Final Terms, the number of days in the Interest 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:

“Y1” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D1” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

- (g) if “30E/360” or “Eurobond Basis” is specified in the Final Terms, the number of days in the Interest 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:

“Y1” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D1” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30; and

- (h) if “30E/360 (ISDA)” is specified in the Final Terms, the number of days in the Interest 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:

“Y1” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D1” is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Interest 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 D2 will be 30;

a “Default” in respect of the Notes shall occur if:

- (a) the Issuer fails to pay the amount due to satisfy any interest payment which has not been deferred, and such failure continues for 14 days; or
- (b) the Issuer fails to pay the principal amount of the Notes, any accrued but unpaid interest and any Arrears of Interest on a Redemption Date, as may be postponed from time to time pursuant to these Conditions, and such failure continues for 14 days;

“Designated Account” means the account (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by a Holder with a Designated Bank and identified as such in the register and “Designated Bank” means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency and (in the case of a payment in euro) any bank which processes payments in euro;

“Designated Maturity” means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate;

“Determination Agent” means an investment bank or financial institution of international standing selected by the Issuer after consultation with the Trustee;

“Determination Period” means the period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on, the Determination Date falling after, such date);

“EEA Insurance Subsidiary” means any Subsidiary of the Issuer engaged in the insurance business and regulated as such by a member of the European Economic Area;

“EONIA<sub>t</sub>” means, for any day “i” in the relevant Interest Period, a reference rate equal to the overnight rate as calculated by the European Central Bank and appearing on the Relevant Screen Page on the first TARGET Business Day following that day;

“EURIBOR” means the Euro-zone interbank offered rate;

“Fixed Interest Period” means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date;

“Gross Redemption Yield” means, with respect to a security, the gross redemption yield on such security, expressed as a percentage and calculated by the Determination Agent on the basis set out by the United Kingdom Debt Management Office in the paper “Formulae for Calculating Gilt Prices from Yields”, page 4, Section One: Price/Yield Formulae “Conventional Gilts”; Double dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date” (published 8 June 1998, as amended or updated

from time to time) on a semi-annual compounding basis (converted to an annualised yield and rounded up (if necessary) to four decimal places) or on such other basis as the Trustee may approve in consultation with any relevant expert (such expert to be selected by the Trustee and approved by the Issuer), whose fees shall be payable together with the Trustee's fees by the Issuer;

"Group" means the Issuer and its Subsidiaries;

"Group Insurance Undertaking" means an insurance undertaking whose data is included for the purposes of the calculation of the Solvency Capital Requirement of the Group pursuant to the Solvency II Regulations;

"HIBOR" means the Hong Kong interbank offered rate;

"Holding Company" means a parent undertaking within the meaning set out in section 1162 of the Companies Act 2006;

"IA Determination Cut-off Date" has the meaning given to such term in Condition 9.5;

"IA Mid Swap Determination Cut-off Date" has the meaning given to such term in Condition 8.4;

"Independent Adviser" means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets;

"Initial Rate of Interest" has the meaning specified in the Final Terms;

"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 of that Group Insurance Undertaking may or will not be met;

"insurance undertaking" has the meaning given to such term in the Solvency II Regulations;

"Interest Amount" means:

- (a) in respect of a Fixed Rate Note, the amount payable on an Interest Payment Date in respect of such Fixed Rate Note, calculated in accordance with Condition 7.4;
- (b) in respect of a Reset Note, the amount payable on an Interest Payment Date in respect of such Reset Note, calculated in accordance with Condition 8.2(b);

- (c) in respect of a Floating Rate Note, the amount payable on an Interest Payment Date in respect of such Floating Rate Note, calculated in accordance with Condition 9.12; and
- (d) in respect of a Fixed/Floating Rate Note, the amount payable on an Interest Payment Date in respect of such Fixed/Floating Rate Note, calculated in accordance with Condition 7.4 (to the extent that the Fixed Rate Note Provisions apply in respect of the relevant Interest Period) or Condition 9.12 (to the extent that the Floating Rate Note Provisions apply in respect of the relevant Interest Period);

“Interest Basis” means the basis for calculation of interest payable in respect of a Note, as specified in the Final Terms;

“Interest Determination Date” means, in respect of an Interest Reset Date, the first New York City Banking Day prior to such Interest Reset Date;

“Interest Payment Date” means the first Interest Payment Date and any date or dates specified as such in the Final Terms (each such date a “Specified Interest Payment Date”) and, if a Business Day Convention is specified in the Final Terms:

- (a) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (b) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

“Interest Period” means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date);

“Interest Rate Cut Off Date” means, in respect of an Interest Period, the fourth New York City Banking Day prior to the Interest Payment Date on which such Interest Period ends;

“Interest Reset Date” means, in respect of an Interest Period, each New York City Banking Day in such Interest Period up to and including the Interest Rate Cut Off Date;

“ISDA Definitions” means the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes;

“Issuer Determination Cut-off Date” has the meaning given to such term in Condition 9.5;

“Issuer Mid Swap Determination Cut-off Date” has the meaning given to such term in Condition 8.4;

“Level 2 Regulations” means Commission Delegated Regulation (EU) No. 2015/35 of 10 October, 2014 supplementing Directive 2009/138/EC 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);

“Liabilities” means the total amount of the Issuer’s non-consolidated gross liabilities as shown by the then latest published balance sheet, but adjusted for contingencies and subsequent events and to such extent as the person or persons giving the Solvency Condition report may determine;

“LIBOR” means the London interbank offered rate;

“London Business Day” means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London;

“Long Maturity Note” means a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note;

“Make Whole Redemption Price” means, as specified in the Final Terms, (i) the Spens Amount, calculated in accordance with Condition 13.8(h), (ii) the Make Whole Redemption Amount, calculated in accordance with Condition 13.8(i), or (iii) the amount per Calculation Amount specified in the Final Terms, which shall be a single amount that applies from the Issue Date until redemption of the Notes;

“Margin” means the margin (if any) specified in the Final Terms;

“M&G Prudential” means each of:

- (a) Prudential Assurance, or such other entity or entities to which all or substantially all of the assets and undertaking of Prudential Assurance have been transferred; and
- (b) M&G Group Limited, or such other entity or entities to which all or substantially all of the assets and undertaking of M&G Group Limited have been transferred.

“Mid Swap Benchmark Rate” means, subject as provided in Condition 8.4:

- (a) EURIBOR if the Specified Currency is euro;
- (b) HIBOR if the Specified Currency is Hong Kong dollars;

- (c) TIBOR if the Specified Currency is Japanese yen;
- (d) SIBOR if the Specified Currency is Singapore dollars; and
- (e) LIBOR for the Specified Currency if the Specified Currency is not one of the currencies listed in (a) to (d) of this definition;

“Mid Swap Maturity” has the meaning specified in the Final Terms;

“Mid Swap Rate” means for any Reset Period the arithmetic mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (calculated on the day count basis customary for fixed rate payments in the Specified Currency as determined by the Issue and Paying Agent) of a fixed for floating interest rate swap transaction in the Specified Currency which transaction:

- (a) has a term equal to the relevant Reset Period and commencing on the relevant Reset Date;
- (b) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market; and
- (c) has a floating leg based on the Mid Swap Benchmark Rate for the Mid Swap Maturity as specified in the Final Terms (calculated on the day count basis customary for floating rate payments in the Specified Currency as determined by the Issue and Paying Agent);

“Minimum Capital Requirement” means the Minimum Capital Requirement of the Issuer, the Minimum Capital Requirement of the Group or the group Minimum Solvency Capital Requirement (as applicable) howsoever described in the Solvency II Regulations;

“New M&G Prudential HoldCo” has the meaning given to such term in Condition 21.4(b);

“New York City Banking Day” means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in New York City;

“Observation Period” means, in respect of an Interest Period, the period from, and including, five London Business Days prior to the first day of such Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending, but excluding, five London Business Days prior to the Interest Payment Date for such Interest Period (and, in the case of Dated Notes, the last Interest Period shall end on but exclude the Maturity Date);

“Optional Redemption Amount” means the amount so specified in the Final Terms, which shall be a single amount that applies from the Issue Date until redemption of the Notes;



“Optional Redemption Date” means the date so specified in the Final Terms, falling on or after the fifth anniversary of the Issue Date of the Notes;

“Ordinary Shares” means the ordinary shares of the Issuer, having at the date hereof, a par value of five pence each;

“Other Tax Event” means an event of the type described in the definition of Tax Event occurring other than as a result of a Tax Law Change;

“Parity Securities” means capital instruments of the Issuer (including the Notes) preferred or preference shares or other securities issued by the Issuer together with any securities issued by a Subsidiary where such securities benefit from a guarantee or support agreement from the Issuer, the claims of the holders of which rank *pari passu* with the Notes as to participation in the Issuer’s assets in the event of its winding-up;

“Par Tax Event” means an event of the type described in the definition of Tax Event occurring as a result of a Tax Law Change;

“Payment Day” means any day which is (subject to Condition 15):

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the relevant place of presentation (in the case of Notes in definitive form only), London and each Additional Financial Centre specified in the Final Terms; and
- (b) either:
  - (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); or
  - (ii) in relation to any sum payable in euro, a TARGET2 Business Day;

“Policyholder Claims” means claims of policyholders or beneficiaries 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 pursuant to a contract of insurance, including all amounts to which policyholders 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 may have;

“PRA” means the Bank of England in its capacity as the Prudential Regulation Authority or any successor regulatory body or such other governmental authority in the UK having primary supervisory authority with respect to the Group;

“Qualifying Tier 2 Capital” means notes that have terms not materially less favourable to a holder than the terms of the Notes as reasonably determined by the Issuer in consultation with an independent investment bank of international standing and certified by two Directors of the Issuer to the Trustee, provided that they shall:

- (a) contain terms which comply with then current requirements in relation to Tier 2 Capital;
- (b) bear the same rate of interest from time to time applying to the Notes and preserve the Interest Payment Dates;
- (c) contain terms providing for compulsory deferral of payments of interest and/or principal only if such terms are not materially less favourable to a holder thereof than the compulsory deferral provisions applying to the Notes;
- (d) rank at least *pari passu* with the Notes;
- (e) preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Notes, including (without limitation) as to timing of, and amounts payable upon, such redemption, but provide that such Qualifying Tier 2 Capital may not be redeemed by the Issuer prior to the first Optional Redemption Date (if any) (save for redemption, substitution or variation on terms analogous with the terms of Condition 13.3, 13.4, 13.5, 13.6 and 13.7 and subject to the same conditions as those set out in Condition 4.10);
- (f) do not contain any term which provides for, requires or entitles the Issuer to effect any loss absorption through a write-down of the nominal amount of Qualifying Tier 2 Capital or conversion of such Qualifying Tier 2 Capital into Ordinary Shares;
- (g) preserve any existing rights under these Conditions to any Arrears of Interest and any other amounts payable under the Notes which, in each case, has accrued to Holders and not been paid; and
- (h) are listed or admitted to trading on a Recognised Stock Exchange;

“Rating Agency” means any of:

- (a) Moody’s Investors Service Ltd;
- (b) Standard & Poor’s Credit Market Services Europe Limited; or
- (c) Fitch Ratings Limited,

or any successor of, or substitute for, such entity;

a “Rating Event” will be deemed to occur upon a change in methodology of a Rating Agency (or in the interpretation of such methodology) as a result of which the equity content, credit or treatment assigned by a Rating Agency to the Notes is, in the reasonable opinion of the Issuer, materially reduced when compared with the equity content, credit or treatment assigned by a Rating Agency to the Notes on (or about) the date on which agreement is reached to issue the first Tranche of the Notes;

“Recognised Stock Exchange” means a recognised stock exchange as defined in section 1005 of the Income Tax Act 2007 as the same may be amended from time to time and any provisions, statute or statutory instrument replacing the same from time to time;

“Record Date” has the meaning given to such term in Condition 12.4(c)(ii);

“Redemption Date” means any date fixed for redemption in accordance with Condition 13;

“Reference Banks” means:

- (a) in respect of Reset Notes, the principal office in the Relevant Financial Centre of four major banks in the swap, money, securities or other market most closely connected with the Subsequent Reset Reference Rate as selected by the Issuer on the advice of an investment bank of international repute;
- (b) in respect of Floating Rate Notes (other than CMS Interest Linked Notes), in the case of a determination of LIBOR, the principal London office of four major banks in the London interbank market; in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone interbank market; and, in the case of a determination of a Reference Rate other than LIBOR or EURIBOR, the principal office in the Relevant Financial Centre of four major banks in the interbank market of the Relevant Financial Centre, in each case selected by the Issue and Paying Agent; and
- (c) in respect of CMS Interest Linked Notes, (i) where the Reference Currency is Euro, the principal office of five leading swap dealers in the interbank market, (ii) where the Reference Currency is Sterling, the principal London office of five leading swap dealers in the London interbank market, (iii) where the Reference Currency is United States dollars, the principal New York City office of five leading swap dealers in the New York City interbank market, or (iv) in the case of any other Reference Currency, the principal Relevant Financial Centre of five leading swap dealers in the Relevant Financial Centre interbank market, in each case as selected by the Calculation Agent;

“Reference Bond” means for any Reset Period a government security or securities issued by the state responsible for issuing the Specified Currency (which, if the Specified Currency is euro, shall be Germany) selected by the Issuer on the advice of an investment bank of international repute as having an actual or interpolated maturity comparable with the relevant Reset Period that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities

denominated in the same currency as the Notes and of a comparable maturity to the relevant Reset Period;

“Reference Bond Price” means, with respect to any Reset Determination Date:

- (a) the arithmetic average of the Reference Government Bond Dealer Quotations for such Reset Determination Date, after excluding the highest and lowest such Reference Government Bond Dealer Quotations; or
- (b) if the Issue and Paying Agent obtains fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations;

“Reference Government Bond Dealer” means each of five banks (selected by the Issuer on the advice of an investment bank of international repute), or their affiliates, which are:

- (a) primary government securities dealers, and their respective successors; or
- (b) market makers in pricing corporate bond issues;

“Reference Government Bond Dealer Quotations” means, with respect to each Reference Government Bond Dealer and the relevant Reset Determination Date, the arithmetic average, as determined by the Issue and Paying Agent, of the bid and offered prices for the relevant Reference Bond (expressed in each case as a percentage of its nominal amount) at or around the Subsequent Reset Rate Time on the relevant Reset Determination Date quoted in writing to the Issue and Paying Agent by such Reference Government Bond Dealer;

“Reference Rate” means, as specified in the Final Terms:

- (a) LIBOR;
- (b) EURIBOR;
- (c) SIBOR;
- (d) TIBOR;
- (e) HIBOR;
- (f) the bank rate of the Bank of England (the “Bank of England Base Rate”);
- (g) EONIA;
- (h) SONIA;
- (i) the Federal Funds Rate; or

(j) the CMS Reference Rate,

in each case for the relevant currency and for the relevant period (if applicable), as specified for each in the Final Terms and in each case subject as provided in Condition 9.5;

“Regulatory Assets” means the assets eligible to satisfy the Regulatory Capital Requirement;

“Regulatory Capital Requirement” means any minimum or notional margin requirement in respect of solvency, or any minimum requirement in respect of regulatory capital or capital ratios for insurance companies, insurance holding companies or financial groups to which the Issuer, the Group or any insurance undertaking within the Group whether on a sole, group or consolidated basis is subject from time to time;

“Regulatory Event” is deemed to have occurred if the Notes are no longer capable of counting either:

- (a) as Tier 2 Capital for the purposes of the Issuer, the Group or any insurance undertaking within the Group whether on a solo, group or consolidated basis; or
- (b) as cover for capital requirements or treated as tier 2 “own funds” (howsoever described in the Capital Regulations and including any term or concept used to describe an equivalent measure or tier of capital resources contemplated by the Capital Regulations from time to time) applicable to the Issuer, the Group or any insurance undertaking within the Group whether on a solo, group or consolidated basis,

except where such non-qualification is as a result of any other applicable limitation on the amount of such capital;

“Relevant Banking Day” means a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the place where the specified office of the Registrar is located;

“Relevant Date” means the date on which a payment first becomes due and payable, except that, if the full amount of the moneys payable has not been duly received by the Issue and Paying Agent or the Trustee on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Holders in accordance with Condition 20;

“Relevant Financial Centre” means the financial centre specified as such in the Final Terms or if none is so specified: (i) in the case of a determination of LIBOR, London, (ii) in the case of a determination of EURIBOR, Brussels, (iii) in the case of a determination of SIBOR, Singapore, (iv) in the case of a determination of TIBOR, Tokyo, (v) in the case of a determination of HIBOR, Hong Kong or (vi) in the case of a determination of the Bank of England Base Rate, London;

“Relevant Nominating Body” means, in respect of any Reference Rate:

- (a) the central bank for the currency to which such Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of such Reference Rate; or
- (b) any working group or committee established, approved or sponsored by, chaired or co-chaired by or constituted at the request of (i) the central bank for the currency to which such Reference Rate relates, (ii) any central bank or other supervisory authority which is responsible for supervising the administrator of such Reference Rate, (iii) a group of the aforementioned central banks or other supervisory authorities or (iv) the Financial Stability Board or any part thereof;

“Relevant Screen Page” means the screen page specified in the Final Terms (or any successor) or, if none is so specified:

- (a) in the case of an EONIA Linked Interest Note, Reuters Screen EONIA Page (or any successor); and
- (b) in the case of a SONIA Linked Interest Note, Reuters Screen SONIA 1 (or any successor);

“Relevant Swap Rate” means:

- (a) where the Reference Currency is euro, the mid-market annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating euro interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/360 day count basis, is equivalent to EUR EURIBOR-Reuters (as defined in the ISDA Definitions) with a designated maturity determined by the Calculation Agent by reference to standard market practice and/or the ISDA Definitions;
- (b) where the Reference Currency is Sterling, the mid-market semi-annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the semi-annual fixed leg, calculated on an Actual/365 (Fixed) day count basis, of a fixed-for-floating Sterling interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/365 (Fixed) day count basis, is equivalent (A) if the Designated Maturity is greater than one year, to GBP LIBOR-BBA (as defined in the ISDA Definitions) with a designated maturity of six months or (B) if the Designated Maturity is one year or less, to GBP-LIBOR-BBA with a designated maturity of three months;

- (c) where the Reference Currency is United States dollars, the mid-market semi-annual swap rate determined on the basis of the mean of the bid and offered rates for the semi-annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating United States dollar interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, calculated on an Actual/360 day count basis, is equivalent to USD-LIBOR-BBA (as defined in the ISDA Definitions) with a designated maturity of three months; and
- (d) where the Reference Currency is any other currency, the mid-market swap rate as determined by the Calculation Agent in its sole and absolute discretion on a commercial basis as it shall consider appropriate and in accordance with standard market practice;

“Relevant Time” means the time specified as such in the Final Terms or if none is so specified:

- (a) in the case of a determination of LIBOR, 11.00 a.m.;
- (b) in the case of a determination of EURIBOR, 11.00 a.m.;
- (c) in the case of a determination of SIBOR, 11.00 a.m.;
- (d) in the case of a determination of TIBOR, 11.00 a.m.;
- (e) in the case of a determination of HIBOR, 11.00 a.m.; or
- (f) in the case of a determination of the Bank of England Base Rate, 11.00 a.m.,

in each case, in the Relevant Financial Centre;

“Remaining Term Interest” means:

- (a) with respect to any Dated Note, the aggregate amount of scheduled payment(s) of interest (assuming each such scheduled interest payment to be due in full) on such Note for the remaining term to:
  - (i) the Maturity Date; or
  - (ii) if an Optional Redemption Date is specified in the Final Terms, the first Optional Redemption Date of such Note determined on the basis of the rate of interest applicable to such Note from and including the Redemption Date; and
- (b) with respect to any Undated Note, the aggregate amount of scheduled payment(s) of interest (assuming each such scheduled interest payment to be due in full) on such Note for the remaining term until the first Optional Redemption

Date of such Note determined on the basis of the rate of interest applicable to such Note from and including the Redemption Date;

“Representative Amount” means an amount that is representative for a single transaction in the relevant market at the relevant time;

“Reset Date(s)” means the date(s) specified in the Final Terms;

“Reset Determination Date” means, for each Reset Period, the date as specified in the Final Terms falling on or before the commencement of such Reset Period on which the rate of interest applicable to such Reset Period will be determined;

“Reset Margin” means the margin specified in the Final Terms;

“Reset Period” means the period from (and including) the first Reset Date to (but excluding) the Maturity Date (if any) if there is only one Reset Period or, if there is more than one Reset Period, each period from (and including) one Reset Date (or the first Reset Date) to (but excluding) the next Reset Date up to (but excluding) the Maturity Date (if any);

“Senior Creditors” means any creditors of the Issuer who are unsubordinated creditors of the Issuer (including all policyholders and beneficiaries (and including, for the avoidance of doubt, all Policyholder Claims));

“SIBOR” means the Singapore interbank offered rate;

“Solvency Capital Requirement” means the Solvency Capital Requirement of the Issuer or the Solvency Capital Requirement of the Group referred to in the Solvency II Regulations;

“Solvency Condition” has the meaning set forth in Condition 4.5;

“Solvency II Directive” means Directive 2009/138/EC 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 II Regulations” means:

- (a) the Solvency II Directive; and
- (b) any additional measures adopted to give effect to the Solvency II Directive, whether by way of regulation (including, for the avoidance of doubt, the Level 2 Regulations), directives, implementing technical standards supplementing the Solvency II Directive, the rules and regulations of the PRA or otherwise;

“SONIA rate” means, in respect of a London Business Day, the effective reference rate equal to the overnight interest rate (published as a percentage to four decimal places) calculated by the Wholesale Market Bankers’ Association as a weighted average of all



overnight unsecured lending transactions in Sterling in the interbank market, initiated within London by the contributing panel banks which appears on the Relevant Screen Page as of 7.00 p.m. (Central European time) on such London Business Day, all as determined by the Calculation Agent;

“Subsequent Reset Rate” means, for any Reset Period, the sum of:

- (a) the applicable Subsequent Reset Reference Rate; and
- (b) the applicable Reset Margin (rounded down to four decimal places, with 0.00005 being rounded down);

“Subsequent Reset Rate Screen Page” has the meaning specified in the Final Terms;

“Subsequent Reset Rate Time” has the meaning specified in the Final Terms;

“Subsequent Reset Reference Rate” means either:

- (a) if “Mid Swaps” is specified in the Final Terms, the Mid Swap Rate displayed on the Subsequent Reset Rate Screen Page at or around the Subsequent Reset Rate Time on the relevant Reset Determination Date for such Reset Period; or
- (b) if “Reference Bond” is specified in the Final Terms, the annual yield to maturity or interpolated yield to maturity (on the relevant day count basis) of the relevant Reference Bond, assuming a price for such Reference Bond (expressed as a percentage of its nominal amount) equal to the relevant Reference Bond Price;

“Subsidiary” means a subsidiary undertaking within the meaning set out in section 1162 of the Companies Act 2006;

“sub-unit” means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent;

“Successor Reference Rate” means the rate which has been formally published, endorsed, approved, recommended or recognised as a successor or replacement to the relevant Reference Rate by any Relevant Nominating Body;

“TARGET Business Day” means a day on which the TARGET2 System is open for settlement of payments in euro;

“TARGET2 System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System or any successor thereto;

“Tax Event” means an event where the Issuer determines that: (a) in making any interest payments or Arrears of Interest payments on the Notes, it has paid, or will or would on the next Interest Payment Date be required to pay, additional amounts as provided in Condition 8 and the same cannot be avoided by using reasonable measures available to

it; (b) payments, including payment of Arrears of Interest on the next Interest Payment Date in respect of any Notes would be treated as “distributions” within the meaning of section 1000 of the Corporation Tax Act 2010 (as amended, re-enacted or replaced); or (c) the Issuer would not be entitled to obtain a deduction in computing its UK tax liabilities in respect of any interest payment (including payment of any Arrears of Interest) on the Notes as a class, or the value of the deduction to the Issuer would be materially reduced;

“Tax Law Change” means a change in or amendment to the laws or regulations of the United Kingdom or any political sub-division or any authority thereof or therein having power to tax (including any treaty to which the United Kingdom is a party), or any change in the application of official or generally published interpretation of those laws or regulations (including a change or amendment resulting from a holding by a court or tribunal or competent jurisdiction) which change or amendment becomes effective or, in the case of a change in law, is enacted on or after the date on which agreement is reached to issue the first Tranche of the Notes;

“TIBOR” means the Tokyo interbank offered rate;

“Tier 1 Capital” has the meaning given to such term for the purposes of the Capital Regulations from time to time;

“Tier 2 Capital” has the meaning given to such term for the purposes of the Capital Regulations from time to time;

“Tier 2 Own Funds” has the meaning given to such term in the Solvency II Regulations;

“Transfer Date” shall be the Relevant Banking Day following the day on which the relevant Registered Note shall have been surrendered for transfer in accordance with Condition 2.4;

“Undated Notes” means any Notes issued without a Maturity Date specified in the Final Terms.

“U.S. Federal Funds Rate” means, in respect of an Interest Determination Date, the rate for U.S. dollar federal funds on such Interest Determination Date as published in H.15(519) under the caption “Federal Funds (effective)” and displayed on Reuters (or any successor service) on page FEDFUNDS1 under the caption “EFFECT” (or any other page as may replace the specified page on that service) (“FEDFUNDS1 Page”), provided that:

- (a) if the U.S. Federal Funds Rate for an Interest Determination Date does not so appear on the FEDFUNDS1 Page or is not so published by 5.00 p.m. (New York City time) on the Interest Reset Date, in respect of such Interest Determination Date, the U.S. Federal Funds Rate for such Interest Determination Date shall be as published in H.15 Daily Update, or such other recognised electronic source used for the purpose of displaying the applicable rate, under the caption “Federal funds (effective)”; and

- (b) if the U.S. Federal Funds Rate is not so published by 5.00 p.m. (New York City time) on the Interest Reset Date, the U.S. Federal Funds Rate with respect to such Interest Determination Date shall be the U.S. Federal Funds Rate for the first preceding day for which the U.S. Federal Funds Rate is set forth in H.15(519) opposite the caption “Federal funds (effective)”, as the U.S. Federal Funds Rate is displayed on the FEDFUNDS1 Page; and

“Weighted Average U.S. Federal Funds Rate” means:

$$D1/D2$$

where:

“D1” means, in respect of an Interest Period, the sum of the Relevant Rates for each calendar day in such Interest Period. For any calendar day in the relevant Interest Period that is an Interest Determination Date, the “Relevant Rate” is the U.S. Federal Funds Rate on such Interest Determination Date. For any calendar day in such Interest Period that is not an Interest Determination Date, the Relevant Rate for such calendar day shall be the Relevant Rate on the immediately preceding Interest Determination Date; and

“D2” shall mean the number of calendar days in the Interest Period.

**24. Governing Law**

The Trust Deed, the Notes and the Coupons (and any non-contractual obligations arising therefrom or in connection therewith) shall be governed by, and construed in accordance with, English law.

**25. 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 of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

The following is a summary of the provisions to be contained in the Trust Deed to constitute the Notes and in the Global Notes which will apply to, and in some cases modify, the relevant Terms and Conditions of the Notes while the Notes are represented by the Global Notes.

### 1. Form of Global Notes

#### (a) Registered Notes

Unless otherwise provided with respect to a particular Series of Registered Notes, each Tranche of Registered Notes offered and sold in reliance on Regulation S under the Securities Act, which will be sold to non-U.S. persons outside the United States, will initially be represented by a Regulation S Global Note which will be deposited with a common depository or (in the case of Notes intended to be held under the New Safekeeping Structure (“NSS”)) a common safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg or in the name of a nominee of the common safekeeper, as specified in the applicable Final Terms. Prior to expiry of the distribution compliance period (as defined in Regulation S) applicable to each Tranche of Notes, beneficial interests in a Regulation S Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 of the relevant Terms and Conditions and may not be held otherwise than through Euroclear or Clearstream, Luxembourg and such Regulation S Global Note will bear a legend regarding such restrictions on transfer.

Registered Notes of each Tranche of a particular Series may only be offered and sold in the United States or to U.S. persons in private transactions to QIBs. The Registered Notes of each Tranche sold to QIBs in reliance on Rule 144A under the Securities Act will be represented by a Rule 144A Global Note which will be deposited with Citibank, N.A. as custodian for, and registered in the name of Cede & Co. as nominee for, DTC.

Registered Notes will not be exchangeable for Bearer Notes.

Interests in the Regulation S Global Note and the Rule 144A Global Note will be exchangeable for Definitive Registered Notes without interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes “Exchange Event” means (i) (in the case of both the Regulation S Global Note and the Rule 144A Global Note) (a) in respect of Senior Notes, an Event of Default (as defined in the Trust Deed) has occurred and is continuing or (b) in respect of Tier 2 Notes, a Default has occurred and is continuing, (ii) (in the case of a Regulation S Global Note) Euroclear or Clearstream, Luxembourg has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has announced an intention permanently to cease business or has in fact done so and, in any such case, no alternative

clearing system satisfactory to the Trustee is available, (iii) (in the case of the Rule 144A Global Note) DTC has notified the Issuer that it is no longer willing or able to discharge properly its responsibilities as depository with respect to the Rule 144A Global Note or has ceased to be a "Clearing Agency" registered under the Exchange Act or is at any time no longer eligible to act as such, and the Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of such depository, (iv) (in the case of both the Regulation S Global Note or the Rule 144A Global Note), the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Registered Notes represented by the relevant Registered Global Note in definitive form and a certificate to such effect signed by two directors of the Issuer is given to the Trustee. The Issuer will promptly give notice to the Holders in accordance with Condition 14 of the Terms and Conditions of the Senior Notes or, as the case may be, Condition 20 of the Terms and Conditions of the Tier 2 Notes if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg or, as the case may be, DTC (acting on the instructions of any holder of an interest in the relevant Registered Global Note) or the Trustee may give notice to the Registrar requesting exchange and, in the case of (iv) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall take place not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

Definitive Registered Notes may also be sold outside the United States in reliance on Regulation S under the Securities Act.

Payments of the principal of, and interest (if any) on, the Registered Global Notes will be made to the nominee of DTC and/or of Euroclear and/or Clearstream, Luxembourg as the registered holder(s) of the Registered Global Notes. None of the Issuer, the Trustee, any Paying Agent and the Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of interest on the Registered Global Notes will be made on the relevant payment date to the person in whose name such Notes are registered on the Record Date (as defined in Condition 6.4 of the Terms and Conditions of the Senior Notes or, as the case may be, Condition 12.4 of the Terms and Conditions of the Tier 2 Notes) immediately preceding such payment date.

The Holder of a Registered Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Registered Global Note and the Issuer will be discharged by payment to, or to the order of, the Holder of such Registered Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg, DTC or any other clearing system as the beneficial holder of a particular nominal amount of Notes represented by such Registered Global Note must look solely

to Euroclear, Clearstream, Luxembourg, DTC or such other clearing system, as the case may be, for its share of each payment so made by the Issuer to, or to the order of, the Holder of such Registered Global Note.

**(b) Bearer Notes**

Each Tranche of Bearer Notes will initially be represented by either (i) a Temporary Global Note or (ii) a Permanent Global Note, in each case without interest coupons or talons, which will (i) if the Bearer Global Notes are intended to be issued in NGN form (“NGN”), as specified in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper for Euroclear and Clearstream, Luxembourg; or (ii) if the Bearer Global Notes are not intended to be issued in NGN form, as specified in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common depository for Euroclear and Clearstream, Luxembourg. In the case of each Tranche of Bearer Notes the applicable Final Terms will specify whether U.S. Treasury Regulations § 1.163-5(c)(2)(i)(C) (or any successor or U.S. Treasury Regulation Section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) (the “C Rules”) or U.S. Treasury Regulations § 1.163-5(c)(2)(i)(D) (or any successor U.S. Treasury Regulation Section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act 2010) (the “D Rules”) would apply in relation to such Notes or, if such Notes do not have a maturity of more than one year and are not otherwise treated as in registered form for U.S. federal tax purposes, that TEFRA is not applicable.

Whilst any Bearer Note is represented by a Temporary Global Note, payments of principal and interest (if any) due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Note if the Temporary Global Note is not issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Issue and Paying Agent. The foregoing U.S. beneficial ownership certification requirement will not be applicable to payments of principal and interest (if any) on any Bearer Note that is treated as in registered form for U.S. federal income tax purposes.

On and after the date (the “Exchange Date”) which is 40 days after the date on which any Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for interests in a Permanent Global Note without interest coupons or talons or for Definitive Bearer Notes with, where applicable, interest coupons and talons

attached (as indicated in the applicable Final Terms) in each case (if the Bearer Notes are subject to the D Rules) against certification of beneficial ownership as described in the second sentence of the immediately preceding paragraph unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest or principal due on or after the Exchange Date unless upon due certification exchange of the Temporary Global Note is improperly withheld or refused.

Payments of principal and interest (if any) on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent Global Note is not issued in NGN form) without any requirement for certification. The applicable Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for Definitive Bearer Notes with, where applicable, interest coupons and talons attached either (a) upon not less than 30 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) to the Issue and Paying Agent as described therein or (b) only upon the occurrence of an Exchange Event. For these purposes "Exchange Event" means that (i) (a) in respect of Senior Notes, an Event of Default (as listed in Condition 10 of the Terms and Conditions) has occurred and is continuing or (b) in respect of Tier 2 Notes, a Default has occurred and is continuing; (ii) Euroclear or Clearstream, Luxembourg has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has announced an intention permanently to cease business or has in fact done so and, in any such case, no alternative clearing system satisfactory to the Trustee is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Bearer Notes represented by the Permanent Global Note in definitive form and a certificate to such effect signed by two directors of the Issuer is given to the Trustee. The Issuer will promptly give notice to the Holders in accordance with Condition 14 of the Terms and Conditions of the Senior Notes or, as the case may be, Condition 20 of the Terms and Conditions of the Tier 2 Notes if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) or the Trustee may give notice to the Issue and Paying Agent requesting exchange and, in the case of (iii) above, the Issuer may also give notice to the Issue and Paying Agent requesting exchange. Any such exchange shall take place not later than 45 days after the date of receipt of the first relevant notice by the Issue and Paying Agent.

The exchange upon notice option, as described in paragraph (a) above, should not be expressed to be applicable if the Notes are issued in denominations comprising a minimum Specified Denomination (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)). Furthermore, such denomination construction is not permitted in relation to any

issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Bearer Notes.

Bearer Notes will not be exchangeable for Registered Notes.

**(c) General**

Pursuant to the Agency Agreement (as defined under the relevant Terms and Conditions), the Issue and Paying Agent shall arrange that, where a further Tranche of Notes is issued and represented by a Temporary Global Note, the Notes of such Tranche shall be assigned (where applicable) a common code and ISIN by Euroclear and Clearstream, Luxembourg or CUSIP number which are different from the common code and ISIN or CUSIP number assigned to Notes of any other Tranche of the same Series until at least 40 days (as notified by the Issue and Paying Agent to the relevant Dealer or, in the case of a syndicated issue, the lead manager) after the completion of the distribution of the Notes of such Tranche.

Notes which are represented by a Global Note will be transferable only in accordance with the applicable procedures of DTC, Euroclear and Clearstream, Luxembourg, in each case, to the extent applicable.

In respect of Notes represented by a global Note issued in NGN form or held under the NSS, the nominal amount of such Notes shall be the aggregate amount from time to time entered in the records of both Euroclear and Clearstream, Luxembourg. The records of Euroclear and Clearstream, Luxembourg shall be conclusive evidence of the nominal amount of such Notes and a statement issued by Euroclear and/or Clearstream, Luxembourg shall be conclusive evidence of the records of such parties at that time.

The Issuer has entered or will enter into an agreement with Euroclear and Clearstream, Luxembourg (the "ICSDs") in respect of any Notes issued in NGN form or held under the NSS that the Issuer may request be made eligible for settlement with the ICSDs (the "Issuer-ICSDs Agreement"). The Issuer-ICSDs Agreement sets out or will set out that the ICSDs will, in respect of any such Notes, *inter alia*, maintain records of their respective portion of the issue outstanding amount and will, upon the Issuer's request, produce a statement for the Issuer's use showing the total nominal amount of its customer holding of such Notes as of a specified date.

Where the global Notes issued in respect of any Tranche are in NGN form or held under the NSS, the ICSDs will be notified whether or not such global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the global Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The common safekeeper



for NGNs and Notes held under the NSS will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg.

## **2. Notices**

For so long as all of the Notes of a Series are represented by either (i) a Temporary Global Note and/or a Permanent Global Note or (ii) one or more Registered Global Notes, and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg and/or DTC, notices to Holders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or DTC (as the case may be) for communication to the relative Accountholders (as defined below) rather than by publication as required by Condition 14 of the Terms and Conditions of the Senior Notes or, as the case may be, Condition 20 of the Terms and Conditions of the Tier 2 Notes provided that, so long as such Notes are listed on a stock exchange or admitted to listing by another relevant authority, such stock exchange or other relevant authority so agrees. Any such notice shall be deemed to have been given to the Holders on the second day after the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg and/or DTC (as the case may be) as aforesaid.

## **3. Accountholders**

For so long as all of the Notes of a Series are represented by either (i) a Temporary Global Note and/or a Permanent Global Note or (ii) one or more Registered Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg and/or DTC, each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg or DTC as the holder of a particular nominal amount of such Notes (each an "Accountholder") (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg and/ or DTC (as the case may be) as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes) shall be treated as the holder of such nominal amount of such Notes for all purposes (including for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Holders) other than with respect to the payment of principal and interest on such nominal amount of such Notes and, in the case of DTC or its nominee, voting, giving consents and making requests, the rights to which shall be vested, as against the Issuer and the Trustee, solely in the bearer of the relevant Temporary Global Note or, as the case may be, Permanent Global Note or, as the case may be, the registered holder of the Registered Global Note in accordance with and subject to its terms and the terms of the Trust Deed. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg or DTC, as the case may be, for its share of each payment made to the bearer of the relevant Global Note.

## **4. Prescription**

Claims against the Issuer in respect of principal and interest on the Notes represented by a Global Note will be prescribed after 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date (as defined in Condition 8 of the Terms and

Conditions of the Senior Notes or, as the case may be, Condition 23 of the Terms and Conditions of the Tier 2 Notes).

**5. Cancellation**

Cancellation of any Note represented by a Global Note and required by the relevant Terms and Conditions of the Notes to be cancelled following its redemption or purchase will be effected by endorsement by or on behalf of the Issue and Paying Agent of the reduction in the nominal amount of the relevant Global Note on the relevant schedule thereto.

**6. Investor Put – Senior Notes only**

For so long as all of the Senior Notes of a Series are represented by either (i) a Temporary Global Note and/or a Permanent Global Note or (ii) one or more Registered Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg and/or DTC, the option of the Holders provided for in Condition 7.4 of the Terms and Conditions of the Senior Notes may be exercised by the Accountholders giving a duly completed redemption notice in the form obtainable from any of the Paying Agents to the Issue and Paying Agent of the nominal amount of the Notes in respect of which such option is exercised and at the same time presenting or procuring the presentation of the relevant Global Note to the Issue and Paying Agent for notation accordingly within the time limits set forth in that Condition. Such redemption notices shall be given in accordance with the standard procedures of Euroclear and/or Clearstream, Luxembourg and/or DTC (as the case may be).

**7. Issuer Call**

For so long as all of the Senior Notes of a Series are represented by either (i) a Temporary Global Note and/or a Permanent Global Note or (ii) one or more Registered Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg and/or DTC, no drawing (if applicable) of Senior Notes will be required under Condition 7.3 of the Terms and Conditions of the Senior Notes in the event that the Issuer exercises its call option pursuant to Condition 7.3 in respect of less than the aggregate nominal amount of the Notes outstanding at such time. In such event, the standard procedures of Euroclear and/or Clearstream, Luxembourg and/or DTC shall operate to determine which interests in the Global Note(s) are to be subject to such option (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).

**8. Euroclear, Clearstream, Luxembourg and DTC**

References herein to Euroclear and/or Clearstream, Luxembourg and/or DTC shall (except in relation to Notes issued in NGN form or held under the NSS) be deemed to include references to any other clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer, the Issue and Paying Agent and the Trustee.

## **USE OF PROCEEDS**

The net proceeds from each issue of Notes will be applied by the Issuer for general corporate purposes.

## **BOOK-ENTRY CLEARANCE SYSTEMS**

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream, Luxembourg (together, the “Clearing Systems”) currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but none of the Issuer, the Trustee and any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Trustee and any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

### **Book-entry System**

Registered Notes sold in reliance on Rule 144A under the Securities Act, whether as part of the initial distribution of the Investments or in the secondary market, are eligible to be held in book-entry form in DTC. DTC has advised the Issuer that it is a limited-purpose trust company organised under the New York Banking Law, a “banking organisation” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for securities that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerised book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organisations. DTC is a wholly-owned subsidiary of the Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for the National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at <http://www.dtcc.com> and <http://www.dtc.org>.

Under the rules, regulations and procedures creating and affecting DTC and its operations (the “Rules”) DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC’s book-entry settlement system (“DTC Notes”) as described below and receives and transmits distributions of principal and interest on DTC Notes. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes (“Owners”) have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or

Indirect Participants will not possess Registered Notes, the Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC's records. The ownership interest of each actual purchaser of each DTC Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorised representative of DTC. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. or such other nominee effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to DTC Notes unless authorised by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an omnibus proxy to the Issuer as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the omnibus proxy).

Principal and interest payments on the DTC Notes will be made to Cede & Co., or such other nominee as may be requested by an authorised representative of DTC. DTC's practice is to credit Direct Participant's accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Issue and Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in a "street name", and will be the

responsibility of such Participant and not of DTC or the Issuer subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co., or such other nominee as may be requested by an authorised representative of DTC is the responsibility of the Issuer, the disbursement of such payments to Direct Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Rule 144A Global Note, will be legended as set forth under “*Subscription and Sale*”.

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

### **Book-entry Ownership of Notes represented by a Registered Global Note**

The Issuer will apply to DTC in order to have each Tranche of Notes represented by Registered Global Notes accepted in DTC’s book-entry settlement system. Upon the issue of any Registered Global Notes, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Registered Global Notes to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in a Registered Global Note will be limited to Direct Participants or Indirect Participants including the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Registered Global Note will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

The custodian with whom a Registered Global Note is deposited (the “Custodian”) and DTC will electronically record the nominal amount of Notes represented by a Registered Global Note held within the DTC system. Clearstream, Luxembourg and Euroclear will hold Notes represented by a Registered Global Note on behalf of their respective accountholders through customer’s securities accounts in the name of their respective depositaries, which in turn will hold such interests in the Registered Global Notes in customers’ securities accounts in the depositaries’ names, as shown in the records of DTC. Investors may hold Notes represented by a Rule 144A Global Note through Direct Participants and Indirect Participants.

Payments in U.S. dollars of principal and interest in respect of a Registered Global Note registered in the name of DTC’s nominee will be made to the order of such nominee as the registered holder of such Note. In the case of any payment in a currency other than US dollars, payment will be made to the Exchange Agent on behalf of DTC’s nominees and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Registered Global Notes in the currency in which such

payment was made and/or cause all or a portion of such payment to be converted into US dollars and credited to the applicable Participants' accounts.

DTC customarily credits accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. Payments by Participants to beneficial owners of Notes are customarily governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participants and not the responsibility of DTC, the Issue and Paying Agent, the Registrar or the Issuer. Payments of principal, premium, if any, and interest, if any on Notes to DTC are the responsibility of the Issuer.

Application will be made to Euroclear and Clearstream, Luxembourg on behalf of the Issuer in order to have Tranches of Notes represented by Registered Global Notes accepted in their respective book-entry settlement systems.

### **Transfers of Notes represented by Registered Global Notes**

Transfers of any interests in Notes represented by a Registered Global Note will be effected in accordance with the customary rules and operating procedures of DTC, Euroclear and Clearstream, Luxembourg, as the case may be. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Registered Global Note to such persons may depend upon the ability to exchange such Notes for Notes in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Registered Global Note to pledge such Notes to persons or entities that do not participate in the DTC system or to otherwise take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Registered Global Note to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Note through a direct or indirect participant in the DTC system.

### **Secondary Trading, Same-Day Settlement and Payment**

All payments made by the Issuer with respect to Registered Notes registered in the name of Cede & Co. as nominee of DTC, will be passed through to DTC in same-day funds. In relation to any secondary market trading, since the purchaser determines the place of delivery, it is important to establish at the time of the trade where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

### **Trading within same Clearing System**

#### ***Trading within DTC***

If neither the seller nor the purchaser of Notes represented by a Registered Global Note holds or will receive, as the case may be, such Notes through a participant in the DTC system acting on

behalf of Euroclear or Clearstream, Luxembourg, the trade will settle in same-day funds and in accordance with the rules, regulations and procedures of DTC.

#### ***Trading within Euroclear or Clearstream, Luxembourg***

Transfers between accountholders in Euroclear and Clearstream, Luxembourg will be effected in accordance with their respective rules and customary operating procedures.

#### **Trading between Clearing Systems**

##### ***Trading between a Euroclear or Clearstream, Luxembourg seller and a DTC purchaser***

Due to time zone differences in their favour, Euroclear and Clearstream, Luxembourg accountholders may employ customary procedures for transactions in which Notes represented by a Registered Global Note are to be transferred by Euroclear or Clearstream, Luxembourg to a participant in the DTC system. The Seller will send instructions to Euroclear or Clearstream, Luxembourg through a Euroclear or Clearstream, Luxembourg accountholder at least one business day prior to settlement. In these cases, Euroclear or Clearstream, Luxembourg will instruct its respective depository to deliver interests in a Registered Global Note to a participant's account against payment. Payment will include interest (if any) accrued on such Notes from (and including) the immediately preceding date for the payment of interest to (and excluding) the settlement date. Such payment will then be reflected in the account of the Euroclear or Clearstream, Luxembourg accountholder the following business day, and receipt of cash proceeds in the Euroclear or Clearstream, Luxembourg accountholder's account will be back-valued to the value date (which would be the preceding business day on which settlement occurred in New York). Should the Euroclear or Clearstream, Luxembourg accountholder have a line of credit for its account, the back-valuation will extinguish any overdraft charges incurred during such one-day period. If settlement is not completed on the intended value date (i.e. the trade fails), receipt of cash proceeds in the Euroclear or Clearstream, Luxembourg accountholder's account would be valued instead as of the actual settlement date.

##### ***Trading between a DTC seller and a Euroclear or Clearstream, Luxembourg purchaser***

When interests in a Registered Global Note are to be transferred from the account of a participant to the account of a Euroclear or Clearstream, Luxembourg accountholder, the purchaser will send instructions to Euroclear or Clearstream, Luxembourg through a Euroclear or Clearstream, Luxembourg accountholder, as the case may be, at least one business day prior to settlement. Euroclear or Clearstream, Luxembourg, as the case may be, will instruct its respective depository to receive such Notes against payment. Payment will include interest (if any) accrued on such interests in the Note from (and including) the immediately preceding date for the payment of interest to (and excluding) the settlement date. Payment will then be made by the depository to the participant's account against delivery of the interests in such Notes. After settlement has been completed, the interests in such Notes will be credited to and by Euroclear or Clearstream, Luxembourg, as the case may be, in accordance with their respective customary procedures, to the appropriate accountholder's account. Such Notes will be credited the next day (Central European Time), and the cash debit will be back-valued to, and any interest on such Notes will accrue from (and including) the value date (which would be the preceding day on which settlement occurred in New York). If settlement is not completed on the intended value date (i.e. the trade



fails), the Euroclear or Clearstream, Luxembourg cash debit will instead be valued as of the actual settlement date.

Day traders that use Euroclear or Clearstream, Luxembourg to purchase interests in a Regulation S Global Note from participants for delivery to Euroclear or Clearstream, Luxembourg accountholders should note that these trades will automatically fail on the sale side unless affirmative action is taken. At least three techniques should be readily available to eliminate this potential problem:

- (i) borrowing through Euroclear or Clearstream, Luxembourg for one day (until the purchase side of the day trade is reflected in their Euroclear or Clearstream, Luxembourg accounts) in accordance with the customary procedures of Euroclear or Clearstream, Luxembourg;
- (ii) borrowing such Notes in the United States from a participant no later than one day prior to settlement, which would give such Notes sufficient time to be reflected in their Euroclear or Clearstream, Luxembourg accounts in order to settle the sell side of the trade; or
- (iii) staggering the value date for the buy and sell sides of the trade so that the value date for the purchase from the participant occurs at least one day prior to the value date for the sale to the Euroclear or Clearstream, Luxembourg accountholder.

Euroclear or Clearstream, Luxembourg accountholders will need to make available to Euroclear or Clearstream, Luxembourg, as the case may be, the funds necessary to process the same-day funds settlement, either from cash on-hand or existing lines of credit, as Euroclear or Clearstream, Luxembourg participants would for any settlement occurring within the Euroclear or Clearstream, Luxembourg system. Under this approach, Euroclear or Clearstream, Luxembourg participants may take on credit exposure to Euroclear or Clearstream, Luxembourg, as the case may be, until the Notes are credited to their accounts one day later.

Alternatively, if Euroclear or Clearstream, Luxembourg has extended a line of credit to a Euroclear or Clearstream, Luxembourg accountholder, as the case may be, such accountholder may elect not to pre-position funds and allow such credit line to be drawn upon to finance settlement. Under this procedure, Euroclear or Clearstream, Luxembourg accountholders purchasing interests in a Registered Global Note held in the DTC system would incur overdraft charges for one day, assuming that they have cleared such overdraft when such interests have been credited to their accounts. However, any interest on such Notes would accrue from the value date. In many cases, the investment income on the Notes held in the DTC system earned during such one-day period may substantially reduce or offset the amount of such overdraft charges.

Since settlement takes place during New York business hours, participants can employ their customary procedures for transferring Notes represented by a Registered Global Note to respective depositories of Euroclear or Clearstream, Luxembourg for the benefit of Euroclear or Clearstream, Luxembourg accountholders. The sale proceeds will be available to the DTC seller on the settlement date. To the participants, a cross-market transaction will settle no differently from a trade between participants.

Secondary trading in long-term notes and debentures of corporate issuers is generally settled using clearing-house or next-day funds. In contrast, Notes represented by a Registered Global

Note held through direct or indirect participants will trade through DTC's Same-Day Funds Settlement System until the earliest to occur of the maturity date or the redemption date, and secondary market trading activity in such Notes will therefore settle in immediately available funds. No assurance can be given as to the effect, if any, of settlements in immediately available funds on trading activities in respect of such Notes.

Although DTC, Clearstream, Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in Registered Global Notes among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Agents and any Dealer will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

While Registered Global Notes are lodged with DTC or its custodian, Notes evidenced by certificates in definitive form will not be eligible for clearing or settlement through DTC, Clearstream, Luxembourg or Euroclear system.

## PRUDENTIAL plc

### Business Overview

Prudential plc, the Issuer, was incorporated as a private company limited by shares on 1 November, 1978 and re-registered as a public company limited by shares in England and Wales with registered number 1397169 on 20 January, 1982 under the Companies Acts 1948 to 1980. On 1 October, 1999 Prudential changed its name to Prudential public limited company. The registered office of Prudential is at Laurence Pountney Hill, London EC4R 0HH with telephone number +44 (0)20 7220 7588. The head office of Prudential is at 12 Arthur Street, London EC4R 9AQ with telephone number +44 (0)20 7220 7588.

Prudential is the parent company of the Prudential Group. The Group is an international financial services group, with operations in Asia, the United States, the United Kingdom, Europe and Africa. It has been in existence for more than 169 years, serving over 26 million customers and with £669 billion in assets under management (as at 31 December, 2017). Prudential is not affiliated with Prudential Financial, Inc. or its subsidiary, The Prudential Insurance Company of America.

Following the combination during 2017 of the Group's UK insurance business and M&G to form M&G Prudential the Prudential Group is restructured around three main business units: Prudential Corporation Asia (incorporating the asset management business, Eastspring Investments), North America Business Unit and M&G Prudential in the UK and Europe. In addition, in recent years, the Group has expanded into Africa. These business units are supported by central functions which are responsible for Prudential strategy, cash and capital management, leadership development and succession, reputation management and other core group functions.

In March 2018, the Group announced its intention to demerge its UK and Europe businesses ("M&G Prudential") from Prudential, resulting in two separately-listed companies, with different investment characteristics and opportunities. The Group's businesses share common heritage, values and purpose. Looking forward, Prudential believes it will be better able to focus on meeting its customers' rapidly evolving needs and to deliver long-term value to investors as two separate businesses. On completion of the demerger, shareholders will hold interests in both Prudential and M&G Prudential.

In line with its strategy to transition towards a more capital efficient, de-risked business model, M&G Prudential agreed in March 2018 to the sale of £12.0 billion<sup>1</sup> of its shareholder annuity portfolio to Rothesay Life. Under the terms of the agreement, M&G Prudential has reinsured £12.0 billion<sup>1</sup> of liabilities to Rothesay Life, which is expected to be followed by a Part VII transfer of the portfolio by the end of 2019. The capital benefit of this transaction will be retained within the Group to support the UK demerger process.

In preparation for the UK demerger process, and to align the ownership of the Group's businesses with their operating structures, Prudential intends to transfer the legal ownership of its Hong Kong insurance subsidiaries from The Prudential Assurance Company Limited (M&G Prudential's UK

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<sup>1</sup> Relates to £12.0 billion of IFRS shareholder annuity liabilities, valued as at 31 December, 2017.

regulated insurance entity) to Prudential Corporation Asia Limited, which is expected to complete by the end of 2019.

Further details on Prudential's intention to demerge the Group's UK businesses and the sale of the £12.0 billion<sup>1</sup> UK annuity portfolio are set out below.

## **Asia**

Prudential Corporation Asia has operations in Hong Kong, Singapore, Indonesia, Malaysia and other Asian countries. Its core business is health, protection, either attached to a life policy or on a standalone basis, other life insurance (including participating business) and mutual funds. It also provides selected personal lines of property and casualty insurance, group insurance and institutional fund management. The product range offered is tailored to suit the individual country markets. Insurance products are distributed mainly through an agency sales force together with selected banks, while the majority of mutual funds are sold through banks and brokers. Local partners are mandatory in some markets, as reflected in Prudential's life insurance operations in China (through its joint venture with CITIC) and in India (an associate with the majority shareholder being ICICI Bank) and Prudential's Takaful business in Malaysia (through its joint venture with Bank Simpanan Nasional). In the fund management business, Prudential has joint venture operations in India (through its joint venture with ICICI Bank), China (through its joint venture with CITIC) and Hong Kong (through its joint venture with Bank of China International).

As at 31 December, 2017, Prudential Corporation Asia had:

- over 15 million life insurance customers with life and fund management operations in 14 markets;
- distribution through more than 12,000 active bank branches across Asia with relationships including Standard Chartered Bank (SCB), United Overseas Bank Limited (UOB), ICICI Bank in India, CITIC in China and Thanachart in Thailand;
- over 600,000 agents across the region;
- consistently high brand recognition and received multiple awards for its customer service;
- a top 3 position in 9 out of the 12 life markets<sup>2</sup>.

## **United States**

In the United States, Prudential offers a range of products through Jackson and its subsidiaries, including fixed annuities (fixed interest rate annuities, fixed index annuities and immediate annuities), variable annuities and institutional products (including guaranteed investment contracts and funding agreements). Jackson distributes these products through independent insurance agents, independent broker-dealers, regional broker-dealers, wirehouses, banks,

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<sup>2</sup> Prudential's rank in insurance market by new business. Based on formal (competitors results releases, local regulators, insurance associations) and informal (industry exchange) market share data.

credit unions and other financial institutions. Although Jackson historically offered traditional life insurance products, it discontinued new sales of life insurance products in 2012.

As at 31 December, 2017 in the United States, Jackson:

- was the 16th largest life insurance company in terms of general account assets<sup>3</sup>;
- had 19 per cent market share of US variable annuities<sup>4</sup> and had £130.5 billion of separate account assets; and
- has been recognised for customer service performance with the ‘Contact Center World Class FCR Certification’ and ‘Highest Customer Service for the Financial Industry’ awards by The Service Quality Measurement Group, Inc. for the 11th consecutive year.

The US operations also include PPM Holdings, Inc. (“PPM”), Prudential’s US internal and institutional investment management operation, and National Planning Holdings, Inc. (“NPH”), Prudential’s US affiliated independent broker dealer network. During 2017, NPH sold the business of the four firms in its independent broker-dealer network to LPL Financial LLC (“LPL”). As at 31 December, 2017, Prudential’s US operations had more than 4 million policies and contracts in force and PPM managed approximately £82.2 billion of assets. In 2017, new business premiums totalled £16.62 billion.

### ***United Kingdom and Europe***

In August 2017, Prudential combined M&G, its international investment management business, with Prudential’s UK and European life insurance business to form M&G Prudential. Prudential also announced a major investment programme in the new combined business’s infrastructure to improve customer service, accelerate product development and widen customer choice.

As at 31 December, 2017, M&G Prudential had

- total funds under management<sup>5</sup> of £351 billion;
- over 7.2 million customers; and
- products registered in 24 jurisdictions around the world.

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<sup>3</sup> Source: Third Quarter 2017 SNL Financial

<sup>4</sup> ©2018 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results. Morningstar [www.AnnuityIntel.com](http://www.AnnuityIntel.com). Total Sales by Contract 3Q YTD 2017. Jackson’s Perspective II for base states ranks #1 and Elite Access for base states ranks #8 for Total VA Sales out of 991 VA contracts with reported sales to Morningstar’s quarterly sales survey as of 3Q YTD 2017.

<sup>5</sup> Represents M&G Prudential asset management external funds under management and internal funds included on the M&G Prudential long-term insurance business balance sheet.

## **Intention to demerge the Group's UK businesses and sale of £12.0 billion UK annuity portfolio**

### ***Background and description***

In March 2018, the Group announced its intention to demerge M&G Prudential from Prudential, resulting in two separately-listed companies. On completion of the demerger, shareholders will hold interests in both Prudential and M&G Prudential.

In preparation for the UK demerger process, and to align the ownership of the Group's businesses with their operating structures, Prudential intends to transfer the legal ownership of its Hong Kong insurance subsidiaries from The Prudential Assurance Company Limited (M&G Prudential's UK regulated insurance entity) to Prudential Corporation Asia Limited, which is expected to complete by the end of 2019.

M&G Prudential agreed in March 2018 to the sale of £12.0 billion (being the IFRS shareholder annuity liabilities, valued as at 31 December, 2017) of its shareholder annuity portfolio to Rothesay Life. Under the terms of the agreement, M&G Prudential has reinsured these £12.0 billion of liabilities to Rothesay Life, which is expected to be followed by a Part VII transfer of the portfolio by the end of 2019. The capital benefit of this transaction will be retained within the Group to support the demerger process.

The IFRS liabilities relating to M&G Prudential's total UK shareholder annuity portfolio as at 31 December, 2017 were £32.6 billion. The UK annuity business being sold contributed around £140 million towards UK life insurance core IFRS operating profit based on longer-term investment returns before tax of £597 million in 2017. Total M&G Prudential IFRS operating profit based on longer-term investment returns before tax was £1,378 million in 2017. Based on asset and liability values as at 31 December, 2017, the transaction is estimated to give rise to a pre-tax IFRS loss of around £500 million in the first half of 2018, alongside the de-risking being achieved. See "*Summary Financial Information*" section for a definition of the UK life insurance core IFRS operating profit based on longer-term investment returns and a reconciliation of the IFRS operating profit based on longer-term investment returns to IFRS profit after tax.

Prudential's Hong Kong subsidiaries which are subject to legal transfer from The Prudential Assurance Company Limited to Prudential Corporation Asia Limited comprise its life business, Prudential Hong Kong Limited, and its general insurance business, Prudential General Insurance Hong Kong Limited. Hong Kong will continue to be included in the segmental reporting of Asia's IFRS and embedded value results. The transfers will be subject to regulatory approval.

The sale of the UK annuity portfolio and the transfer of Prudential's Hong Kong subsidiaries to Asia are expected to complete by the end of 2019.

The sale of the UK annuity portfolio and the transfer of Prudential's Hong Kong subsidiaries to Asia (each as described above) are, in aggregate, anticipated to result in a reduction to the Group's embedded value of approximately £300 million (calculated on the basis of assumptions and information as at 31 December, 2017), reflecting the loss of future profits on the portion of annuity liabilities being sold.

Further information regarding M&G Prudential (one of the Group's operating segments) is set out in the Annual Report and Accounts 2017, which is incorporated by reference in this Prospectus. Prospective investors are encouraged to read the Annual Report and Accounts 2017 in its entirety, including the financial statements and accompanying notes at pages 159 onwards. In particular, prospective investors are directed to the following pages of the Strategic Report contained in the Annual Report and Accounts 2017:

<b>Section heading of the Annual Report and Accounts 2017</b>	<b>Pages</b>
"At a glance"	Pages 10 - 11
"Our business model"	Pages 12 - 13
"Our distribution"	Page 15
"Our businesses and their performance – United Kingdom and Europe"	Pages 28 - 32
"Corporate responsibility review"	Pages 69 - 70

### ***Unaudited pro forma information***

The unaudited pro forma shareholder Solvency II capital position of the Group and of The Prudential Assurance Company Limited set out below has been prepared to illustrate the effect of 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 (each as described above) on the 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 basis of Solvency II reporting of the Group and The Prudential Assurance Company Limited at 31 December, 2017 (the "Solvency II accounting policies"). The unaudited pro forma 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, the notes set out below.

The unaudited pro forma 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 the Prospectus Directive Regulation. Because of its nature, the unaudited pro forma 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 Company Limited, nor are they indicative of the capital position that may, or may not, be expected to be achieved in the future.

#### ***A. 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**

<b>Group 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)	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 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.



## **Accountants' report on pro forma (Group shareholder Solvency II capital position)**

*The following is a text of the report from Prudential's reporting accountant, KPMG LLP (Chartered Accountants) for the purpose of incorporation in this prospectus.*

The Directors  
Prudential plc  
Laurence Pountney Hill  
London EC4R 0HH

12 June 2018

Ladies and Gentlemen

### **Prudential plc**

We report on the pro forma Group shareholder Solvency II capital position (the 'Group Pro forma financial information') set out in the "Prudential plc - Unaudited pro forma information" section of the prospectus dated 12 June 2018, which has been prepared on the basis described in the notes to the Group Pro forma financial information, for illustrative purposes only, to provide information about how the partial sale of the UK annuity portfolio and transfer of Prudential's Hong Kong subsidiaries from The Prudential Assurance Company Limited to Prudential Corporation Asia Limited might have affected the financial information presented on the basis of the Solvency II accounting policies adopted by Prudential plc in preparing the Solvency II capital position as at 31 December 2017. This report is required by paragraph 7 of Annex II of the Prospectus Directive Regulation and is given for the purpose of complying with that paragraph and for no other purpose.

### **Responsibilities**

It is the responsibility of the directors of Prudential plc to prepare the Group Pro forma financial information in accordance with Annex II of the Prospectus Directive Regulation.

It is our responsibility to form an opinion, as required by paragraph 7 of Annex II of the Prospectus Directive Regulation, as to the proper compilation of the Group Pro forma financial information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Group Pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Save for any responsibility arising under Prospectus Rule 5.5.4R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 16.1 of Annex IV of the Prospectus Directive Regulation, consenting to its inclusion in the prospectus.

### **Basis of Opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial

information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Group Pro forma financial information with the directors of Prudential plc.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of Prudential plc.

### **Opinion**

In our opinion:

- the Group Pro forma financial information has been properly compiled on the basis stated; and
- such basis is consistent with the Solvency II accounting policies of Prudential plc.

### **Declaration**

For the purposes of Prospectus Rule 5.5.4R (2)(f) we are responsible for this report as part of the prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the prospectus in compliance with paragraph 1.2 of Annex IV of the Prospectus Directive Regulation.

Yours faithfully

KPMG LLP

## **B. 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 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 & 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.

***Accountants' report on pro forma (The Prudential Assurance Company Limited shareholder Solvency II capital position)***

*The following is a text of the report from Prudential's reporting accountant, KPMG LLP (Chartered Accountants) for the purpose of incorporation in this prospectus.*

The Directors  
Prudential plc  
Laurence Pountney Hill  
London EC4R 0HH

12 June 2018

Ladies and Gentlemen

**Prudential plc**

We report on the pro forma shareholder Solvency II capital position of The Prudential Assurance Company Limited ('The Prudential Assurance Company Limited Pro forma financial information') set out in the "Prudential plc - Unaudited pro forma information" section of the prospectus dated 12 June 2018, which has been prepared on the basis described in the notes to The Prudential Assurance Company Limited Pro forma financial information, for illustrative purposes only, to provide information about how the partial sale of the UK annuity portfolio and transfer of Prudential's Hong Kong subsidiaries from The Prudential Assurance Company Limited to Prudential Corporation Asia Limited might have affected the financial information presented on the basis of the Solvency II accounting policies adopted by Prudential plc in preparing the Solvency II capital position as at 31 December 2017. This report is required by paragraph 7 of Annex II of the Prospectus Directive Regulation and is given for the purpose of complying with that paragraph and for no other purpose.

**Responsibilities**

It is the responsibility of the directors of Prudential plc to prepare The Prudential Assurance Company Limited Pro forma financial information in accordance with Annex II of the Prospectus Directive Regulation.

It is our responsibility to form an opinion, as required by paragraph 7 of Annex II of the Prospectus Directive Regulation, as to the proper compilation of The Prudential Assurance Company Limited Pro forma financial information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of The Prudential Assurance Company Limited Pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Save for any responsibility arising under Prospectus Rule 5.5.4R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 16.1 of Annex IV of the Prospectus Directive Regulation, consenting to its inclusion in the prospectus.

## **Basis of Opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing The Prudential Assurance Company Limited Pro forma financial information with the directors of Prudential plc.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of Prudential plc.

## **Opinion**

In our opinion:

- The Prudential Assurance Company Limited Pro forma financial information has been properly compiled on the basis stated; and
- such basis is consistent with the Solvency II accounting policies of Prudential plc.

## **Declaration**

For the purposes of Prospectus Rule 5.5.4R (2)(f) we are responsible for this report as part of the prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the prospectus in compliance with paragraph 1.2 of Annex IV of the Prospectus Directive Regulation.

Yours faithfully

KPMG LLP

### **Capital and leverage requirements**

If the proposed demerger of M&G Prudential is completed, the ultimate holding company of M&G Prudential is expected to manage its Solvency II capital position to seek to ensure that sufficient Solvency II Own Funds are available on an ongoing basis to cover its Solvency Capital Requirement. This is expected to be achieved by targeting a capital buffer in excess of the Solvency Capital Requirement, so as to absorb the potential impact of stressed market conditions and support the overall resilience of its balance sheet. At the time of the demerger, the Solvency II ratio of M&G Prudential, measured at the level of the ultimate holding company as the ratio of Solvency II Own funds to the Solvency Capital Requirement, is expected to be at least as high as the corresponding Solvency II ratio of the UK regulated insurance entity, The Prudential Assurance Company Limited. The pro-forma shareholder Solvency II capital coverage ratio of The Prudential Assurance Company Limited as at 31 December, 2017, 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 at that date, is set out on page 210 above (see "*Unaudited pro forma The Prudential Assurance Company Limited shareholder Solvency II capital position*").

Prior to the demerger, the Group expects to rebalance its debt capital across Prudential and M&G Prudential. This will include the ultimate holding company of M&G Prudential becoming an issuer of new debt and Prudential redeeming some of its existing debt. Following these actions, the overall absolute quantum of debt in the Group is currently expected to increase, by an amount which is not considered to be material in the context of the Group's current total outstanding debt. It is currently expected that, at the point of demerger, this debt re-balancing will result in M&G Prudential holding approximately half of the Group's current outstanding core structural borrowings, Commercial Paper and Medium Term Notes (totalling £7.4 billion at 31 December 2017) within the ultimate holding company of M&G Prudential.

These actions and their effects are contingent on the demerger and there can be no certainty that it will be completed as proposed (or at all) as explained on page 46.

### **Memorandum and Articles of Association**

Prudential is incorporated and registered in England and Wales, under registered number 1397169 and copies of its Memorandum and Articles of Association can be viewed on Prudential's website at <http://www.prudential.co.uk>.

### **Prudential's Share Capital**

As at 11 June, 2018, the allotted, called up and fully paid share capital of Prudential consisted of £129,593,139.45 divided into 2,591,862,789 ordinary shares of 5p each.

### **Organisational Structure of the Prudential Group**

In accordance with Section 409 of the Companies Act 2006, the list of the Group's subsidiaries, joint ventures, associates and significant holdings (being holdings of more than 20 per cent.) along with the country of incorporation, the classes of shares held and the effective percentage of equity

owned at 31 December, 2017 is disclosed on pages 287 to 297 of the Annual Report and Accounts 2017.

### **Major Shareholders and Significant Changes in Ownership**

Rule 5.1.2R of the UK Listing Authority's Disclosure and Transparency Rules provides that a person (including a company and other legal entities) who acquires voting rights of 3 per cent. or more in Prudential ordinary shares is required to notify Prudential of its interest. Prudential is required to announce publicly any such interest notified to it. After the 3 per cent. level is exceeded, similar notifications must be made if the notifiable interest changes to reach, exceed or fall below every 1 per cent. above 3 per cent. A notification is also required once the interest falls below 3 per cent.

For the purposes of the notification obligations, the holding of voting rights by a person includes voting rights held through its direct or indirect holdings of shares or financial instruments. The indirect holding of voting rights includes, for example, voting rights held by a third party with whom the person has concluded an agreement, which obliges them to adopt, by concerted exercise of the voting rights they hold, a lasting common policy towards the management of the issuer in question.

Some interests in voting rights may be disregarded for purposes of the notification obligations (e.g. those held by certain investment fund managers on behalf of a client), except at the thresholds of 5 per cent. and 10 per cent., and each 1 per cent. above 10 per cent. In addition, for the purposes of the notification obligations, holdings of disregarded interests must be aggregated with holdings of non-exempt interests.

The following notifications have been disclosed under the FCA's Disclosure Guidance and Transparency Rules in respect of notifiable interests exceeding three per cent. of the voting rights in Prudential ordinary shares.

As at 31 December, 2017	% of total voting rights
Capital Group Companies, Inc	9.87
BlackRock, Inc	5.08
Norges Bank	3.99

As at 11 June, 2018, no other notifications had been received.

### **Contingencies and related obligations**

#### Litigation and regulatory matters

Prudential has agreed with the FCA to review annuities sold without advice after 1 July, 2008 to its contract-based defined contribution pension customers. The review will examine whether customers were given sufficient information about their potential eligibility to purchase an enhanced annuity, either from Prudential or another pension provider. The FCA formally released its redress calculation methodology in early 2018 and accordingly Prudential reassessed the

provision held to cover the costs of undertaking the review and any potential redress. At 31 December, 2017, following this reassessment, the gross provision in the Group's IFRS results was increased to £400 million (2016: £175 million), excluding any utilisation during the year. The ultimate amount that will be expended by the Group on the review, which is currently expected to be completed in 2019, remains uncertain. Although the Group's professional indemnity insurance is expected to mitigate the overall financial impact of this review, with potential insurance recoveries of up to £175 million, no such recovery has been factored into the provision, in accordance with the requirements of IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'.

In addition, the Group is involved in various litigation and regulatory issues. These may from time to time include class actions involving Jackson. While the outcome of such litigation and regulatory issues cannot be predicted with certainty, Prudential believes that their ultimate outcome will not have a material adverse effect on the Group's financial condition, results of operations, or cash flows.

### Guarantees

Guarantee funds in both the UK and the US provide for payments to be made to policyholders on behalf of insolvent life insurance companies and are financed by payments assessed on solvent insurance companies based on location, volume and types of business. The estimated reserve for future guarantee fund assessments is not significant. The directors believe that the reserve is adequate for all anticipated payments for known insolvencies.

The Group has provided other guarantees and commitments to third-parties entered into in the normal course of business but the Group does not consider that the amounts involved are significant.

### Support for with-profits sub-funds by shareholders' funds

The Prudential Assurance Company Limited is liable to meet its obligations to with-profits policyholders even if the assets of the with-profits sub-funds are insufficient to do so. The assets, represented by the unallocated surplus of with-profits funds, in excess of amounts expected to be paid for future terminal bonuses and related shareholder transfers (the "excess assets") in the with-profits sub-funds could be materially depleted over time by, for example, a significant or sustained equity market downturn, costs of significant fundamental strategic change or a material increase in the pension mis-selling provision. In the unlikely circumstance that the depletion of the excess assets within the long-term fund was such that the Group's ability to satisfy policyholders' reasonable expectations was adversely affected, it might become necessary to restrict the annual distribution to shareholders or to contribute shareholders' funds to the with-profits sub-funds to provide financial support.

Matters relating to with-profits sub-funds:

- *Pension mis-selling review* – The UK insurance regulator required all UK life insurance companies to review sales of personal pensions policies for potential mis-selling. Offers to all cases were made by 30 June, 2002. Costs arising from this review are met by the excess assets of The Prudential Assurance Company Limited with-profits sub-fund and hence have



not been charged to the asset shares used in the determination of policyholder bonus rates. Prudential has given an assurance that these deductions from excess assets will not impact its bonus or investment policy for policies within the with-profits sub-funds that were in force at 31 December, 2003. This assurance does not apply to new business since 1 January, 2004. In the unlikely event that such deductions would affect the bonus or investment policy for the relevant policies, Prudential has stated it would make available support to the sub-fund from shareholder resources for as long as the situation continued, so as to ensure that policyholders were not disadvantaged.

- *Scottish Amicable Insurance sub-fund* – Policies within this sub-fund (a with-profits sub-fund closed to new business) contain minimum levels of guaranteed benefit to policyholders. Should the assets of the sub-fund be inadequate to meet the guaranteed benefit obligations of the policyholders of SAIF, The Prudential Assurance Company Limited with-profits sub-fund would be liable to cover any such deficiency in the first instance.

In addition, certain pensions products within this sub-fund have guaranteed annuity rates at retirement, for which a provision of £503 million was held within the sub-fund (2016: £571 million).

- **Guaranteed annuities** – A provision for guaranteed annuity products of £53 million was held (2016: £62 million) in The Prudential Assurance Company Limited with-profits sub-fund.

#### Intra-group capital support arrangements

Prudential and The Prudential Assurance Company Limited have put in place intra-group arrangements to formalise circumstances in which capital support would be made available by Prudential. While Prudential considers it unlikely that such support will be required, the arrangements are intended to provide additional comfort to The Prudential Assurance Company Limited and its policyholders.

In addition, Prudential has put in place intra-group arrangements to formalise undertakings by Prudential to the regulators of the Hong Kong subsidiaries regarding their solvency levels.

#### **Directors of Prudential**

The Board of Directors currently consists of 16 directors comprising the Chairman, eight Non-executive Directors and seven Executive Directors.

The current Directors' biographies are set out below. The business address for each Director is Laurence Pountney Hill, London EC4R 0HH

**Paul Manduca**  
Chairman

**Appointment:**  
October 2010

**Committees:**  
Nomination &  
Governance (Chair)

### **Relevant skills and experience**

Paul has held a number of senior leadership roles. Notable appointments include serving as chairman of the Association of Investment Companies (1991 to 1993), acting as founding CEO of Threadneedle Asset Management Limited (1994 to 1999), directorships of Eagle Star and Allied Dunbar, holding the offices of European CEO of Deutsche Asset Management (2002 to 2005), global CEO of Rothschild Asset Management (1999 to 2002), chairman of Bridgewell Group plc and a director of Henderson Smaller Companies Investment Trust plc.

Other previous appointments include the chairmanship of Aon UK Limited and JPM European Smaller Companies Investment Trust Plc. From September 2005 until March 2011, Paul was a non-executive director of Wm Morrison Supermarkets Plc, including as senior independent director, audit committee chairman and remuneration committee chairman. He was also a non-executive director and audit committee chairman of KazMunaiGas Exploration & Production until the end of September 2012. During 2017, Paul stepped down as chairman and a member of the board of Henderson Diversified Income Limited with effect from 26 April and was appointed to the board of RateSetter (Retail Money Market Limited) with effect from 1 June and as chairman from 17 July.

Paul initially joined the Board in October 2010 as the Senior Independent Director and member of the Audit and Remuneration Committees, roles he held until his appointment as Chairman in July 2012. On becoming Chairman, Paul was also appointed Chair of the Nomination & Governance Committee, having been a member of the Committee since January 2011.

### **Other appointments**

- Securities Institute
- RateSetter (Retail Money Market Limited) (chairman)
- Templeton Emerging Markets Investment Trust (TEMIT) (chairman)
- TheCityUK advisory council

**Michael Wells**  
Group Chief  
Executive

**Appointment:**  
January 2011

### **Relevant skills and experience**

Mike has more than three decades' experience in insurance and retirement services, having started his career at the US brokerage house Dean Witter, before going on to become a managing director at Smith Barney Shearson.

Mike joined the Prudential Group in 1995 and became Chief Operating Officer and Vice-Chairman of Jackson

### **Other appointments**

- International Advisory Panel of the monetary Authority of Singapore

in 2003. In 2011, he was appointed President and Chief Executive Officer of Jackson, and joined the Board of Prudential.

During his leadership of Jackson, Mike was responsible for the development of Jackson's market-leading range of retirement solutions. He was also part of the Jackson teams that purchased and successfully integrated a savings institute and two life companies.

Mike joined the Board in 2011 and was appointed Group Chief Executive in June 2015.

## **Executive Directors**

### **Mark FitzPatrick CA Relevant skills and experience**

Chief Financial Officer

**Appointment:** July 2017

Mark previously worked at Deloitte for 26 years, building his industry focus on insurance and investment management globally. During this time, Mark was Managing Partner for Clients and Markets, a member of the executive committee and a member of the board of Deloitte UK. He was a vice chairman of Deloitte for four years, leading the CFO Programme and developing the CFO Transition labs. Mark previously led the Insurance & Investment Management audit practice and the insurance industry practice.

Mark joined the Board as an Executive Director and Chief Financial Officer in July 2017.

**John Foley**  
Chief Executive of  
M&G Prudential

**Appointment:**  
January 2016

### **Relevant skills and experience**

John spent over 20 years at Hill Samuel & Co, where he worked in every division of the bank, culminating in senior roles in risk, capital markets and treasury of the combined TSB and Hill Samuel Bank. Before joining Prudential, John spent three years as general manager, global capital markets at National Australia Bank.

John joined Prudential as Deputy Group Treasurer in 2000 and became Managing Director of Prudential Capital and Group Treasurer in 2001. During his career at Prudential, John has held the offices of Chief Executive of Prudential Capital, Group Chief Risk Officer, Group Investment Director and Chief Executive of Prudential UK & Europe.

John first joined the Board in 2011 as Group Chief Risk Officer and was reappointed in January 2016, having stepped down during his time as Group Investment Director.

In 2017, John's role was expanded from Chief Executive of Prudential UK & Europe to Chief Executive of M&G Prudential, the Group's combined UK asset management and savings and retirement solutions business.

<p><b>Nicolaos Nicandrou</b> <b>ACA</b> Chief Executive of Prudential Corporation Asia</p> <p><b>Appointment:</b> October 2009</p>	<p><b>Relevant skills and experience</b></p> <p>Nic started his career at PricewaterhouseCoopers. Before joining Prudential, he worked at Aviva, where he held a number of senior finance roles, including Norwich Union Life finance director and board member, Aviva group financial control director, Aviva group financial management and reporting director and CGNU group financial reporting director.</p> <p>In July 2017, Nic became Chief Executive of Prudential Corporation Asia having originally joined the Board in October 2009 as an Executive Director and Chief Financial Officer.</p>	<p><b>Other appointments</b></p> <ul style="list-style-type: none"> <li>- European Insurance CFO Forum (chairman)</li> <li>- CITIC-Prudential Life Insurance Company Limited (a Prudential plc joint venture)</li> </ul>
<p><b>Anne Richards</b> Deputy Chief Executive of M&amp;G Prudential and Chief Executive of M&amp;G</p> <p><b>Appointment:</b> June 2016</p>	<p><b>Relevant skills and experience</b></p> <p>Anne became an analyst for Alliance Capital in 1992 and then moved into portfolio management roles at JP Morgan Investment Management and Mercury Asset Management. She joined the board of Edinburgh Fund Managers plc as chief investment officer and joint managing director in 2002 and continued in this role following Aberdeen Asset Management PLC's acquisition of Edinburgh Fund Managers in 2003. Anne was chief investment officer and head of the EMEA region for Aberdeen Asset Management PLC, positions she held until February 2016.</p> <p>Anne joined the Board in 2016 as an Executive Director and Chief Executive of M&amp;G. She became Deputy Chief Executive of M&amp;G Prudential in 2017 whilst remaining Chief Executive of M&amp;G.</p>	<p><b>Other appointments</b></p> <ul style="list-style-type: none"> <li>- Financial Services advisory board</li> <li>- CFA UK Advisory</li> <li>- Financial Conduct Authority practitioner panel (chair)</li> <li>- Standing Council on Europe</li> <li>- IBDE advisory board</li> </ul>
<p><b>Barry Stowe</b> Chairman and Chief Executive Officer of</p>	<p><b>Relevant skills and experience</b></p>	<p><b>Other appointments</b></p>

the North American Business Unit

**Appointment:**  
November 2006

Before joining Prudential, Barry was president, accident & health worldwide for AIG Life Companies. He joined AIG in 1995 after having held senior positions at Pan-American Life and Willis in the United States.

Barry joined the Board in 2006 as an Executive Director and the Chief Executive of Prudential Corporation Asia, leading Prudential's Asian business through a period of major growth and development.

Barry fulfilled this role until June 2015 when he became Chairman and Chief Executive of the North American Business Unit.

- International Insurance Society
- American Council of Life Insurers

**James Turner FCA**  
Group Chief Risk Officer

**Appointment:** March 2018

#### **Relevant skills and experience**

James led internal audit teams in UBS in both the UK and Switzerland. Prior to joining Prudential, James was the deputy head of compliance for Barclays plc. He also held a number of senior internal audit roles across the Barclays group, leading teams that covered the UK, the US, Western Europe, Africa and Asia retail and commercial banking activities.

James joined Prudential in November 2010 as the Director of Group-wide Internal Audit and was appointed Director of Group Finance in September 2015, with responsibility for delivery of the Group's internal and external financial reporting, business planning, performance monitoring and capital and liquidity planning. He also led the development of the Group's Solvency II internal model.

James joined the Board as an Executive Director and Group Chief Risk Officer in March 2018.

#### **Other appointments**

- West Bromwich Building Society

#### **Non-executive Directors**

<p><b>The Hon. Philip Remnant CBE FCA</b> Senior Independent Director</p> <p><b>Appointment:</b> January 2013</p> <p><b>Committees:</b> Audit, Remuneration, Nomination &amp; Governance</p>	<p><b>Relevant skills and experience</b></p> <p>Philip was a senior advisor at Credit Suisse and a vice chairman of Credit Suisse First Boston (CSFB) Europe and head of the UK Investment Banking Department. He was twice seconded to the role of director general of the Takeover Panel. Philip also served on the board of Northern Rock plc and as chairman of the Shareholder Executive.</p> <p>Philip joined the Board in January 2013 as a Non-executive Director, as Senior Independent Director and as a member of each of the Audit Committee, the Remuneration Committee and the Nomination &amp; Governance Committee.</p>	<p><b>Other appointments</b></p> <ul style="list-style-type: none"> <li>- City of London Investment Trust (chairman)</li> <li>- M&amp;G Group Limited (Prudential plc subsidiary) (chairman)</li> <li>- Severn Trent plc</li> <li>- Takeover Panel</li> <li>- UK Financial Investments Limited</li> </ul>
<p><b>Sir Howard Davies</b></p> <p><b>Appointment:</b> October 2010</p> <p><b>Committees:</b> Risk (Chair), Audit, Nomination &amp; Governance</p>	<p><b>Relevant skills and experience</b></p> <p>Sir Howard has a wealth of experience in the financial services industry, across the Civil Service, consultancy, asset management, regulatory and academia. Sir Howard was previously chairman of the Phoenix Group and an independent director of Morgan Stanley Inc.</p> <p>Sir Howard joined the Board in October 2010 as a Non-executive Director and Chair of the Risk Committee. He joined the Audit Committee in November 2010 and the Nomination &amp; Governance Committee in July 2012.</p>	<p><b>Other appointments</b></p> <ul style="list-style-type: none"> <li>- China Banking Regulatory Commission international advisory board</li> <li>- China Securities Regulatory Commission international advisory board (chairman)</li> <li>- Institut d'Études Politiques (Sciences Po)</li> <li>- Millennium LLC regulatory advisory board</li> <li>- Royal Bank of Scotland (chairman)</li> </ul>
<p><b>David Law ACA</b></p> <p><b>Appointment:</b> September 2015</p>	<p><b>Relevant skills and experience</b></p> <p>David was the Global Leader of PricewaterhouseCoopers's (PwC) insurance practice, a partner in PwC's UK firm, and worked as the lead audit partner for multi-national insurance companies until his retirement in 2015. David has also been responsible for</p>	<p><b>Other appointments</b></p> <ul style="list-style-type: none"> <li>- L&amp;F Holdings Limited (CEO) and its subsidiaries (the</li> </ul>

<p><b>Committees:</b> Audit (Chair), Risk, Nomination &amp; Governance</p>	<p>PwC's insurance and investment management assurance practice in London and the firm's Scottish assurance division.</p> <p>David joined the Board in September 2015 as a Non-executive Director and member of the Audit Committee. David was appointed Chair of the Audit Committee and a member of the Risk Committee and of the Nomination &amp; Governance Committee in May 2017.</p>	<p>professional indemnity captive insurance group that serves the PwC network and its member firms)</p>
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<p><b>Kaikhushru Nargolwala FCA</b></p> <p><b>Appointment:</b> January 2012</p> <p><b>Committees:</b> Risk, Remuneration</p>	<p><b>Relevant skills and experience</b></p> <p>Kai spent 19 years at Bank of America and was based in Hong Kong in roles as group executive vice president and head of the Asia Wholesale Banking Group during 1990 to 1995. He spent 10 years working for Standard Chartered PLC in Singapore as group executive director responsible for Asia Governance and Risk during 1998 to 2007. Kai was chief executive officer of the Asia Pacific Region of Credit Suisse AG during 2008 to 2010 and now serves as director and chairman of their remuneration committee.</p> <p>Kai has served on a number of other boards, including Singapore Telecommunications and Tate and Lyle plc.</p> <p>Kai joined the Board in January 2012 as a Non-executive Director and member of the Remuneration and Risk Committees.</p>	<p><b>Other appointments</b></p> <ul style="list-style-type: none"> <li>- Clifford Capital Pte. Ltd (chair)</li> <li>- Credit Suisse Group AG</li> <li>- Duke-NUS Medical School (chairman)</li> <li>- Prudential Corporation Asia Limited (Prudential plc subsidiary) (chairman)</li> <li>- PSA International Pte Ltd</li> </ul>
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<p><b>Anthony Nightingale CMG SBS JP</b></p> <p><b>Appointment:</b> June 2013</p> <p><b>Committees:</b> Remuneration (Chair), Nomination &amp; Governance</p>	<p><b>Relevant skills and experience</b></p> <p>Anthony spent his career in Asia, where he joined the Jardine Matheson Group in 1969, holding a number of senior positions before joining the board of Jardine Matheson Holdings in 1994. He was managing director of the Jardine Matheson Group from 2006 to 2012.</p> <p>Anthony joined the Board in June 2013 as a Non-executive Director and member of the Remuneration Committee. He became Chair of the Remuneration Committee and a member of the Nomination &amp; Governance Committee in May 2015.</p>	<p><b>Other appointments</b></p> <ul style="list-style-type: none"> <li>- Jardine Matheson Holdings (and other Jardine Matheson group companies)</li> <li>- Schindler Holding Limited</li> <li>- Shui On Land Limited</li> <li>- The Hong Kong-APEC trade policy study group (chairman)</li> </ul>
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- UK-ASEAN Business Council
- Vitasoy International Holdings Limited

**Alice Schroeder**

**Relevant skills and experience**

**Other appointments**

**Appointment:** June 2013

Alice began her career as a qualified accountant at Ernst & Young. She joined the Financial Accounting Standards Board as a manager in 1991, overseeing the issuance of several significant insurance accounting standards.

- Bank of America Merrill Lynch International
- Showfer Media LLC (formerly WebTuner Corp) (chair)
- Quorum Health Corporation

**Committees:** Audit, Risk

From 1993, she led teams of analysts specialising in property-casualty insurance as a managing director at CIBS Oppenheimer, PaineWebber (now UBS) and Morgan Stanley. Alice was also an independent board member of the Cetera Financial Group.

Alice joined the Board in June 2013 as a Non-executive Director and member of the Audit Committee. She became a member of the Risk Committee in March 2018.

**Lord Turner FRS**

**Relevant skills and experience**

**Other appointments**

**Appointment:** September 2015

Lord Turner began his career with McKinsey & Co, advising companies across a range of industries.

- Chubb Europe (chairman)
- Energy Transition Commission (chairman)
- House of Lords crossbench member (from 2005)
- Institute for New Economic

**Committees:** Audit, Risk

He served as director-general of the Confederation of British Industry, vice-chairman of Merrill Lynch Europe, chairman of the Pensions Commission and as a non-executive director of Standard Chartered Bank.

Lord Turner was chairman of the UK's Financial Services Authority, a member of the international Financial Stability Board and a non-executive director of the Bank of England.



Lord Turner joined the Board in September 2015 as a Non-executive Director and member of the Risk Committee. He became a member of the Audit Committee in May 2017.

Thinking (chairman)  
 - London School of Economics and Cass Business School (visiting professor)  
 - OakNorth Bank (advisor)

**Thomas Watjen**

**Relevant skills and experience**

**Other appointments**

**Appointment:** July 2017

Tom started his career at Aetna Life and Casualty before joining Conning & Company, an investment and asset management provider, where he became partner in the capital markets and venture capital division.

- SunTrust Banks, Inc

**Committees:**  
Remuneration

He joined Morgan Stanley in 1987 as a managing director in its insurance practice and in 1994, was appointed executive vice president and chief financial officer of Provident Companies Inc.

A key architect of Provident's merger with Unum in 1999, Tom was appointed president and chief executive officer of the renamed Unum Group in 2003, a role he held for 12 years before becoming non-executive chairman until his retirement in May 2017.

Tom joined the Board in July 2017 as a Non-executive Director and member of the Remuneration Committee.

**Conflicts of interest**

Investors should be aware of the information regarding related party transactions disclosed in note D4 to the annual report and audited consolidated annual financial statements of Prudential for the financial year ended 31 December, 2017. The Directors of Prudential may, from time to time, hold directorships or other significant interests with companies outside of the Prudential Group which may have business relationships with the Prudential Group. Directors have a statutory duty to avoid conflicts of interest with Prudential. Prudential's Articles of Association allow its directors to authorise conflicts of interest and the Board has adopted a policy and effective procedures to manage and, where appropriate, approve conflicts or potential conflicts of interest. Under these procedures, Directors are required to declare all directorships of companies which are not part of the Group, along with other positions which could result in conflicts or could give rise to a potential conflict.

The Nomination & Governance Committee, or the Board where appropriate, evaluates and approves each such situation individually where applicable and reviews authorisations annually prior to the publication of the Annual Report.

Save as described above, there are no potential conflicts of interest between the duties owed by the Directors to Prudential and their private interests and/or other duties as at the date of this Prospectus.

### **Audit Committee**

The Group Audit Committee, which forms a key element of the Prudential Group's governance framework, comprises independent non-executive directors only. David Law is the Chairman of the Group Audit Committee and Howard Davies, Philip Remnant, Alice Schroeder and Lord Turner are members.

#### *Role of the Committee*

The Audit Committee's principal oversight responsibilities cover:

- internal control;
- internal audit;
- external audit (including auditor independence);
- financial reporting;
- financial crime and whistleblowing;
- compliance (including approval of and monitoring the Group compliance plan); and
- Group governance framework.

The Committee has formal terms of reference set by the Board, which are reviewed regularly.

The Committee receives presentations from senior management throughout the year, including reports from the external auditor, Group-wide Internal Audit, Group Compliance, Group Finance, Group Tax and Group Security.

Prudential has established a board committee, the Group Risk Committee, which has responsibility for the oversight of risk management across the Group. The Audit and Risk Committees work closely together to make sure both Committees are updated and aligned on matters of common interest. Where responsibilities are perceived to overlap between the two Committees, the Chairs of the Committees agree the most appropriate Committee to consider the matter.

## **Corporate Governance**

Good governance encourages decisions to be made in the best interests of the business, taking account of the views of stakeholders. Prudential aims to achieve this through a responsive governance framework that supports and challenges executive decision making. Prudential confirms that at the date of this Prospectus it is in compliance with the principles and provisions of the UK Corporate Governance Code as issued by the Financial Reporting Council in April 2016.

## TAXATION

Prospective holders of Notes are advised to consult their own tax advisers as to the tax consequences, under the tax laws of the country of which they are resident, of a purchase of the Notes, including, without limitation, the consequences of the receipt of interest and premium, if any, on any sale or redemption of the Notes or any interest therein.

### **United Kingdom Taxation**

The comments below are of a general nature and are based on the Issuer's understanding of current United Kingdom law and published HM Revenue & Customs ("HMRC") practice as at the date of this Prospectus regarding the withholding tax treatment of interest on the Notes. They only apply to persons who are the beneficial owners of the Notes. They may not apply to certain classes of person (such as dealers and persons connected with the Issuer) to whom special rules may apply. They are not exhaustive. They relate only to the deduction from interest on the Notes for or on account of tax in the United Kingdom (and do not address any other United Kingdom taxation implications of acquiring, holding, or disposing of the Notes). Prospective holders of Notes who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom are strongly advised to consult their own professional advisers.

The references to "interest" in the comments below mean "interest" as understood in United Kingdom tax law. The comments below do not take any account of any different definitions of "interest" which may be created by the Terms and Conditions of the Notes or any relevant documentation.

### ***UK Taxation***

1. Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax provided that the Notes carry a right to interest and the Notes are, and continue to be, listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007. The London Stock Exchange is a recognised stock exchange for these purposes. Securities 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 VI of the FSMA) and admitted to trading on the London Stock Exchange. Provided, therefore, that the Notes carry a right to interest and are and remain so listed, interest on the Notes will be payable without withholding or deduction for or on account of United Kingdom tax.

Interest on the Notes may also be paid without withholding or deduction on account of United Kingdom tax where the Notes have a maturity date less than one year from the date of issue, provided that the Notes do not form part of an arrangement of borrowing intended to be, or capable of remaining, outstanding for a year or more.

Payments of interest on Tier 2 Notes may be made without withholding or deduction for or on account of United Kingdom income tax if those Tier 2 Notes are "regulatory capital securities" for the purposes of the Taxation of Regulatory Capital Securities Regulations 2013. This is subject to there being no arrangements the main purpose, or one of the main purposes, of which is to obtain a tax advantage (as defined in section 1139 of the

Corporation Tax Act 2010) for any person as a result of the application of those Regulations in respect of those Tier 2 Notes.

2. In other cases, an amount must generally be withheld from payments of interest on the Notes that has a United Kingdom source on account of United Kingdom income tax at the basic rate (currently 20 per cent.), subject to any other exemptions and reliefs which may be available under domestic law. In addition, 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 Holder, HMRC can, following an application by that Holder, issue a notice to the Issuer to pay interest to the Holder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).
3. Where Notes are issued on terms that a premium is or may be payable on redemption, as opposed to being issued at a discount, then it is possible that any such element of premium may constitute a payment of interest. If that element does constitute a payment of interest, the comments in paragraphs above and below will be relevant.

Where Notes are issued at a discount (i.e. at an issue price of less than 100 per cent. of their principal amount), any payments in respect of the accrued discount element of such Notes will not be made subject to any withholding or deduction on account of United Kingdom income tax as long as they do not constitute payments in respect of interest.

### **U.S. Foreign Account Tax Compliance Act**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as “FATCA”, a “foreign financial institution” (as defined by FATCA) 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 is a foreign financial institution for these purposes. A number of jurisdictions (including the United Kingdom) 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 the FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply prior to 1 January, 2019 and payments under the Notes may fall within grandfathering rules. Holders of Notes should consult their own tax advisers regarding how these apply to their investment in Notes.

### **Singapore Taxation**

*The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the IRAS and the MAS in force as at the date of this Prospectus and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts*

*could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Prospectus are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Notes are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the Arranger, the Dealers or any other persons involved in the issuance of the Notes accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.*

*The disclosure below is on the assumption that the IRAS does regard each Tranche of Undated Notes as “debt securities” for the purposes of the ITA and, in the case of a Tranche of Undated Notes which are issued in respect of which the applicable Final Terms includes a legend entitled “Notes intended to be Qualifying Debt Securities for the purposes of the ITA”, that holders thereof are eligible for the tax concessions and exemptions available for qualifying debt securities, provided that the other conditions for the qualifying debt securities scheme are satisfied. If any Tranche of Undated Notes is not regarded as “debt securities” for the purposes of the ITA or holders thereof are not eligible for the tax concessions and exemptions under the qualifying debt securities scheme, the tax treatment to such holders may differ. Investors and holders of any Tranche of Undated Notes should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of such Notes.*

## **1. Interest and Other Payments**

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

- (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or
- (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to

the 15 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17 per cent. The applicable rate for non-resident individuals is currently 22 per cent. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15 per cent. The rate of 15 per cent. may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

- (a) interest from debt securities derived on or after 1 January, 2004;
- (b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February, 2006; and
- (c) prepayment fee, redemption premium or break cost from debt securities derived on or after 15 February, 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

In addition, in the case of a Tranche of Notes which are issued in respect of which the applicable Final Terms includes a legend entitled “Notes intended to be Qualifying Debt Securities for the purposes of the ITA” during the period from the date of this Prospectus to 31 December, 2023, if such Tranche of Notes are regarded as “debt securities” by the IRAS for the purposes of the ITA (each such Tranche, “Relevant Notes”), where more than half of the issue of such Relevant Notes are distributed by Financial Sector Incentive – Capital Market, Financial Sector Incentive – Standard Tier or Financial Sector Incentive – Bond Market companies, such Tranche of Relevant Notes would be, pursuant to the ITA and the MAS Circular, qualifying debt securities (“QDS”) for the purposes of the ITA.

If the Relevant Notes are QDS and subject to certain prescribed conditions having been fulfilled including the following:

- (a) all offering documents relating to the Relevant Notes (including the applicable Final Terms) have the following statements: (a) where interest, discount income, prepayment fee, redemption premium or break cost is derived from any of the Relevant Notes by any person who is not resident in Singapore and carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities under the ITA shall not apply if such person acquires such Relevant Notes using the funds and profits of such person’s operations through a permanent establishment in Singapore; and (b) any person whose interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the ITA; and

- (b) the furnishing to the MAS of a return on debt securities for the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require,

the following tax treatment shall apply:

- (i) (in the case of Relevant Notes where payments of interest etc. fall within Section 12(6) of the ITA) interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the “Qualifying Income”) from the Relevant Notes paid by the Issuer and derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not obtained from such person’s operation through a permanent establishment in Singapore, are exempt from Singapore tax;
- (ii) Qualifying Income from the Relevant Notes paid by the Issuer and derived by any company or body of persons (as defined in the ITA) in Singapore is subject to income tax at a concessionary rate of 10 per cent. (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and
- (iii) (in the case of Relevant Notes where payments of interest etc. fall within Section 12(6) of the ITA) payments of Qualifying Income derived from the Relevant Notes are not subject to withholding of tax (if any) by the Issuer.

Notwithstanding the foregoing:

- (A) if during the primary launch of any Relevant Notes, the Relevant Notes are issued to fewer than four persons and 50 per cent. or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Notes would not qualify as QDS; and
- (B) even though any Relevant Notes are QDS, if, at any time during the tenure of such Relevant Notes, 50 per cent. or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from such Relevant Notes held by:
  - (i) any related party of the Issuer; or
  - (ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term “related party”, in relation to a person, means any other person who, directly



or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms “prepayment fee”, “redemption premium” and “break cost” are defined in the ITA as follows:

“prepayment fee”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities;

“redemption premium”, in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity; and

“break cost”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption.

References to “prepayment fee”, “redemption premium” and “break cost” in this Singapore tax disclosure have the same meaning as defined in the ITA.

All foreign-sourced income received in Singapore on or after 1 January, 2004 by Singapore tax-resident individuals will be exempt from income tax, provided such foreign-sourced income is not received through a partnership in Singapore.

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) is derived from the Relevant Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires such Relevant Notes using the funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA.

Under the Qualifying Debt Securities Plus Scheme (“QDS Plus Scheme”), subject to certain conditions having been fulfilled (including the furnishing by the issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities in respect of the QDS in the prescribed format within such period as the MAS may specify and such other particulars in connection with the QDS as the MAS may require), income tax exemption is granted on Qualifying Income derived by any investor from QDS (excluding Singapore Government Securities) which:

- (a) are issued during the period from 16 February, 2008 to 31 December, 2018;

- (b) have an original maturity of not less than 10 years;
- (c) cannot have their tenure shortened to less than 10 years from the date of their issue, except where-
  - (i) the shortening of the tenure is a result of any early termination pursuant to certain specified early termination clauses which the issuer included in any offering document for such QDS; and
  - (ii) the QDS do not contain any call, put, conversion, exchange or similar option that can be triggered at specified dates or at specified prices which have been priced into the value of the QDS at the time of their issue; and
- (d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

However, even if any Relevant Notes are QDS which qualify under the QDS Plus Scheme, if, at any time during the tenure of such Relevant Notes, 50 per cent. or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income from such Relevant Notes derived by:

- (aa) any related party of the Issuer; or
- (bb) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

Pursuant to the Singapore Budget Statement 2018 and the MAS Circular, the QDS Plus Scheme will be allowed to lapse after 31 December, 2018, but debt securities with tenures of at least 10 years which are issued on or before 31 December, 2018 can continue to enjoy the tax concessions under the QDS Plus Scheme if the conditions of such scheme as set out above are satisfied.

## **2. Gains from the Sale of the Notes**

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who apply or who are required to apply Singapore Financial Reporting Standard (“FRS”) 39 (“FRS 39”) or FRS 109 may, for Singapore income tax purposes, be required to recognise gains or losses (not being gains or losses in the

nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39 or FRS 109. Please see the section below on “Adoption of FRS 39 and FRS 109 Treatment for Singapore Income Tax Purposes”.

### **3. Adoption of FRS 39 and FRS 109 for Singapore Income Tax Purposes**

Section 34A of the ITA provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and “opt-out” provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. The IRAS has also issued a circular entitled “Income Tax Implications Arising from the Adoption of FRS 39 – Financial Instruments: Recognition and Measurement”.

FRS 109 is mandatorily effective for annual periods beginning on or after 1 January, 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109, subject to certain exceptions. The IRAS has also issued a circular entitled “Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments”.

Holders of the Notes who may be subject to the tax treatment under Sections 34A or 34AA of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

### **4. Estate Duty**

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February, 2008.

## SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of Barclays Bank PLC, Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, Goldman Sachs International, NatWest Markets Plc and UBS Limited (the “Dealers”). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in an amended and restated dealership agreement dated 12 June, 2018 (as amended and/or restated and/or supplemented from time to time, the “Dealership Agreement”) and made between the Issuer and the Dealers. Any such agreement will, *inter alia*, make provision for the form and Terms and Conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealership Agreement makes provision for the resignation or termination or appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

### United States of America

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state in the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Terms used in the preceding sentence have the meanings given to them by Regulation S under the Securities Act.

Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain transactions permitted by U.S. Treasury regulations. Terms used in the preceding sentence have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. Each Dealer has agreed that it will not offer, sell or deliver a Note in bearer form within the United States or to United States persons, except as permitted under the Dealership Agreement.

Each Dealer has agreed, and each further Dealer appointed under the Dealership Agreement will be required to agree, that except as permitted by the Dealership Agreement, it has not offered, sold or delivered Notes and it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution (as determined by the relevant Dealer (in the case of a non-syndicated issue) or the relevant lead manager (in the case of a syndicated issue)) of all Notes of the relevant Tranche except in accordance with Rule 903 of Regulation S or, if applicable, Rule 144A under the Securities Act and it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it or through it during the distribution compliance period a confirmation or notice setting forth the restrictions on offers and sales of the Notes within the United States or to or for the account or benefit of U.S. persons.

Except as otherwise provided, terms used in the remainder of this section of “*Subscription and Sale*” have the meanings given to them by Regulation S.

The Notes are being offered and sold only (A) outside the United States to persons other than U.S. persons in reliance upon Regulation S, and (B) to QIBs in compliance with Rule 144A.

In addition, until 40 days after the completion of the distribution (as determined by the relevant Dealer (in the case of a non-syndicated issue) or the relevant lead manager (in the case of a syndicated issue)) of all Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Each purchaser of Notes will be deemed to have represented and agreed as follows:

- (1) Either (i) it is a QIB, purchasing (or holding) the Notes for its own account or for the account of one or more QIBs and it is aware that any sale to it is being made in reliance on Rule 144A or (ii) it is outside the United States and is not a U.S. person.
- (2) It acknowledges that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes have not been and will not be registered under the Securities Act or any other applicable U.S. state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below.
- (3) It agrees that the Issuer has no obligation to register the Notes under the Securities Act.
- (4) If it holds an interest in a Definitive Registered Note or a Rule 144A Global Note, it will not offer, sell, resell, pledge or otherwise transfer or deliver the Notes except (A) to the Issuer or any affiliate thereof, (B) to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A under the Securities Act, (C) outside the United States in compliance with Rule 903 or 904 under the Securities Act, (D) pursuant to any other available exemption from the registration requirements of the Securities Act or (E) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. state securities laws, and any applicable local laws and regulations.
- (5) If it holds an interest in a Regulation S Global Note and is outside the United States and is not a U.S. person, if it should offer, sell, resell, pledge or otherwise transfer or deliver the Notes prior to the expiration of the distribution compliance period (defined as 40 days after the later of the commencement of the offering and the completion of the distribution (for the purposes of Regulation S) of all of the Notes of the Tranche of which the Notes form a part), it will do so only (A) to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A under the Securities Act or (B) outside the United States in compliance with Rule 903 or 904 under the Securities Act, in each case in accordance with all applicable U.S. state securities laws, and any applicable local laws and regulations.
- (6) It will give to each person to whom it transfers the Notes notice of any restrictions on transfer applicable to the Notes.

- (7) It acknowledges that prior to any proposed transfer of Definitive Registered Notes or of beneficial interests in a Registered Global Note (in each case other than pursuant to an effective registration statement), the holder of the Notes or of interests therein may be required to provide certifications and other documentation relating to the manner of such transfer to the Issuer and the Registrar.
- (8) It acknowledges that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.
- (9) It understands that any Notes that are offered, sold or transferred in the United States or to or for the account or benefit of a U.S. person (as defined in Regulation S) will either be issued in the form of Definitive Registered Notes, registered in the name of the registered holder thereof, or be represented by a Rule 144A Global Note which will be deposited with a custodian for, and registered in the name of a nominee of, DTC.

Each Definitive Registered Note will bear a legend to the following effect:

“THE NOTES REPRESENTED BY THIS DEFINITIVE REGISTERED NOTE 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 AND MAY BE TRANSFERRED ONLY PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT AS SET FORTH BELOW.

THE REGISTERED OWNER HEREOF, BY PURCHASING THE NOTES IN RESPECT OF WHICH THIS DEFINITIVE REGISTERED NOTE IS ISSUED, (1) REPRESENTS FOR THE BENEFIT OF THE ISSUER AND FOR ANY AGENT OR SELLER WITH RESPECT TO THE NOTES THAT IT IS THE SOLE BENEFICIAL OWNER OF THE NOTES REPRESENTED HEREBY OR IS PURCHASING SUCH NOTES FOR ONE OR MORE ACCOUNTS MAINTAINED BY IT OR OVER WHICH IT EXERCISES SOLE INVESTMENT DISCRETION AND THAT EITHER (A) IT AND ANY SUCH ACCOUNT ARE NOT U.S. PERSONS (AS DEFINED IN REGULATION S OF THE SECURITIES ACT) AND ARE NOT PURCHASING SUCH NOTES FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON, OR (B) IT AND ANY SUCH ACCOUNT ARE QUALIFIED INSTITUTIONAL BUYERS (“QIBS”) AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT, (2) ACKNOWLEDGES THAT THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT AND MAY NOT BE OFFERED, SOLD, RESOLD OR DELIVERED IN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM SUCH ACT IN ACCORDANCE WITH THE TERMS HEREOF, AND (3) AGREES, FOR THE BENEFIT OF THE ISSUER, THAT SUCH NOTES MAY NOT BE OFFERED, SOLD, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED OR DELIVERED EXCEPT IN COMPLIANCE WITH THE AGENCY AGREEMENT AND OTHER THAN (A) TO THE ISSUER OR ANY AFFILIATE THEREOF, (B) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QIB PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB IN A

TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, (C) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR 904 UNDER THE SECURITIES ACT, (D) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE U.S. STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS, AND FURTHER SUBJECT TO THE ISSUER'S AND THE REGISTRAR'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE, RESALE, PLEDGE, TRANSFER OR DELIVERY PURSUANT TO CLAUSE (D) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM.

PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF THE NOTES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A.

EACH HOLDER OF THIS DEFINITIVE REGISTERED NOTE AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS DEFINITIVE REGISTERED NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.”

Each Rule 144A Global Note will bear a legend to the following effect:

“THE NOTES REPRESENTED BY THIS GLOBAL NOTE 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 AND MAY BE TRANSFERRED ONLY PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT AS SET FORTH BELOW.

THE HOLDER HEREOF, BY PURCHASING THE NOTES IN RESPECT OF WHICH THIS GLOBAL NOTE IS ISSUED (OR ANY BENEFICIAL INTEREST OR PARTICIPATION HEREIN) ON ITS OWN BEHALF AND ON BEHALF OF ANY ACCOUNT FOR WHICH IT IS PURCHASING THIS GLOBAL NOTE OR ANY BENEFICIAL INTEREST OR PARTICIPATION HEREIN, (1) REPRESENTS FOR THE BENEFIT OF THE ISSUER AND FOR ANY AGENT OR SELLER WITH RESPECT TO SUCH NOTES THAT IT IS THE SOLE BENEFICIAL OWNER OF THE NOTES REPRESENTED HEREBY OR IS PURCHASING SUCH NOTES FOR ONE OR MORE ACCOUNTS MAINTAINED BY IT OR OVER WHICH IT EXERCISES SOLE INVESTMENT DISCRETION AND THAT EITHER (A) IT AND ANY SUCH ACCOUNT ARE NOT U.S. PERSONS (AS DEFINED IN REGULATION S OF THE SECURITIES ACT) AND ARE NOT PURCHASING SUCH NOTES FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON, OR (B) IT AND ANY SUCH ACCOUNT ARE QUALIFIED INSTITUTIONAL BUYERS (“QIBS”) AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT, (2) ACKNOWLEDGES THAT SUCH NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT AND MAY NOT BE OFFERED, SOLD, RESOLD OR DELIVERED IN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM SUCH ACT IN ACCORDANCE WITH THE TERMS HEREOF, (3) AGREES TO NOTIFY ANY SUBSEQUENT TRANSFEREE OF THE TRANSFER RESTRICTIONS SET OUT HEREIN AND THAT IT WILL BE A CONDITION TO SUCH TRANSFER THAT THE TRANSFEREE WILL BE DEEMED TO MAKE THE REPRESENTATIONS

SET OUT HEREIN, AND (4) AGREES, FOR THE BENEFIT OF THE ISSUER, THAT SUCH NOTES MAY NOT BE OFFERED, SOLD, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED OR DELIVERED EXCEPT IN COMPLIANCE WITH THE AGENCY AGREEMENT AND OTHER THAN (A) TO THE ISSUER OR ANY AFFILIATE THEREOF, (B) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QIB PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, (C) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR 904 UNDER THE SECURITIES ACT, (D) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE U.S. STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS, AND FURTHER SUBJECT TO THE ISSUER'S AND THE REGISTRAR'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE, RESALE, PLEDGE, TRANSFER OR DELIVERY PURSUANT TO CLAUSE (D) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM.

PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF THE NOTES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A.

EACH HOLDER OF THIS GLOBAL NOTE OR AN INTEREST HEREIN AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE OR AN INTEREST HEREIN IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.”

Each Regulation S Global Note will bear a legend to the following effect:

“THE NOTES REPRESENTED BY THIS GLOBAL NOTE 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 OFFER, SALE, PLEDGE OR TRANSFER OF THE NOTES REPRESENTED BY THIS GLOBAL NOTE IS SUBJECT TO CERTAIN CONDITIONS AND RESTRICTIONS. BY PURCHASING OR OTHERWISE ACQUIRING THE NOTES REPRESENTED BY THIS GLOBAL NOTE, THE HOLDER THEREOF ACKNOWLEDGES THAT THE NOTES REPRESENTED BY THIS GLOBAL NOTE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT. THE HOLDER AGREES FOR THE BENEFIT OF THE ISSUER THAT, IF IT SHOULD DECIDE TO DISPOSE OF THE NOTES REPRESENTED BY THIS GLOBAL NOTE PRIOR TO THE DATE WHICH IS 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF THE NOTES REPRESENTED BY THIS GLOBAL NOTE, THE NOTES REPRESENTED BY THIS GLOBAL NOTE MAY BE OFFERED, SOLD, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED OR DELIVERED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND IN COMPLIANCE WITH THE AGENCY AGREEMENT, AND ONLY (A) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QIB PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT OR (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR 904 UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE



U.S. STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS; PROVIDED THAT, IN THE CASE OF A TRANSFER PURSUANT TO CLAUSE (A), A TRANSFEROR OF THE NOTES WILL BE REQUIRED (1) TO EXECUTE AND DELIVER TO THE ISSUER AND THE REGISTRAR A CERTIFICATE OF TRANSFER (THE FORM OF WHICH IS ATTACHED TO THE AGENCY AGREEMENT AND CAN BE OBTAINED FROM THE REGISTRAR) AND (2) TO EXCHANGE THE PORTION OF THIS GLOBAL NOTE TO BE SO TRANSFERRED FOR AN INTEREST IN A RULE 144A GLOBAL NOTE OR A DEFINITIVE REGISTERED NOTE (AS SET OUT IN THE APPLICABLE FINAL TERMS) TO BE REGISTERED IN THE NAME OF THE TRANSFEREE.

EACH HOLDER OF THIS NOTE OR AN INTEREST HEREIN AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE OR AN INTEREST HEREIN IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE NOTES OF THE TRANCHE OF WHICH THIS NOTE FORMS PART.”

#### **Prohibition of Sales to EEA Retail Investors**

If the applicable Final Terms in respect of any Notes specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, in relation to each Member State of the European Economic Area (the “EEA”) which has implemented the Prospectus Directive (each, a “Relevant Member State”), each Dealer has represented and agreed, and each further Dealer appointed under the Dealership Agreement will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means 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, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State.

Unless the applicable Final Terms in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and 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. 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 MiFID II; or
  - (ii) a customer within the meaning of the IMD, 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; 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.

### **United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Dealership Agreement will be required to represent and agree, that:

- (a) in relation to any Notes having 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 United Kingdom.

## **Italy**

The offering of the Notes has not been registered 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 the Notes be distributed in the Republic of Italy, except:

- (i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February, 1998, as amended (the “Financial Services Act”) and Article 34-ter, first paragraph, letter (b) of CONSOB Regulation No. 11971 of 14 May, 1999, as amended from time to time (“Regulation No. 11971”); or
- (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must:

- (a) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October, 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September, 1993, as amended (the “Banking Act”); and
- (b) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

*Please note that in accordance with Article 100-bis of the Financial Services Act, where no exemption from the rules on public offerings applies under (i) and (ii) above, the subsequent distribution of the Notes on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under the Financial Services Act and Regulation No. 11971. Failure to comply with such rules may result in the sale of such Notes being declared null and void and in the liability of the intermediary transferring the financial instruments for any damages suffered by the investors.*

## **Switzerland**

This Prospectus and any Final Terms are 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, any Final Terms 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 Ltd. or any other regulated trading facility in Switzerland, and neither this Prospectus, any Final Terms nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

## **Hong Kong**

Each Dealer has represented and agreed, and each further Dealer appointed under the Dealership Agreement 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 (Cap. 571 of the Laws of Hong Kong) and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) or which do not constitute an offer to the public within the meaning of that Ordinance; 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, 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 Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and any rules made under that Ordinance.

## **Singapore**

Each Dealer has acknowledged, and each further Dealer appointed under the Dealership Agreement will be required to acknowledge, that this Prospectus has not been registered as a prospectus with the MAS. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Dealership Agreement will be required to represent and agree, that it has not circulated or distributed, nor will it circulate or distribute, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, and has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person pursuant to Section 275(1), or to any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) 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:

- (a) 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
- (b) 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 (as defined in Section 239(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:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

## **France**

Each of the Dealers and the Issuer has represented and agreed, and each further Dealer appointed under the Dealership Agreement 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 and 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 applicable Final Terms or any other offering material relating to the Notes and that such offers, sales and distributions have been and will be made in France only 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*), other than individuals, investing 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 and other applicable regulations.

## **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "FIEA") and each Dealer has represented and agreed, and each further Dealer appointed under the Dealership Agreement will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1,

Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

### **General**

Other than the approval of this Prospectus as a base prospectus in accordance with Article 5.4 of the Prospectus Directive and, in relation to any issue of Notes, as may be specified in the applicable Final Terms, no action has been or will be taken in any country or jurisdiction by the Issuer or the Dealers that would permit a public offering of Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have in their possession or distribute such offering material, in all cases at their own expense.

The Dealership Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date thereof, in applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in this paragraph headed "General".

## FORMS OF FINAL TERMS

### FORMS OF FINAL TERMS FOR THE SENIOR NOTES

Set out below is the form of Final Terms which will be completed for each Tranche of Senior Notes issued under the Programme with a denomination of less than €100,000 (or its equivalent in another currency):

## PRUDENTIAL PLC

£10,000,000,000

Medium Term Note Programme

Series No: [●]

Tranche No: [●]

[Brief Description and Amount of Notes]

Issued by

PRUDENTIAL PLC

(LEI: 5493001Z3ZE83NGK8Y12)

Issue Price: [●]%

The date of the Final Terms is [●].

## 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 [date] (the “Prospectus”) [as supplemented by the supplement[s] to it dated [date] [and [date]]] which [together] constitute[s] 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[s]] [has] [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.

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the “Conditions”) set forth in the Prospectus dated [date] which are incorporated by reference in the Prospectus dated [date], 2018. 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 dated [date], 2018 [as supplemented by the supplement[s] to it dated [date],] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the “Prospectus”), including the Conditions incorporated by reference in the Prospectus. 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. 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[s]] [has] [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, 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 [the/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/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. *[Details of any negative target market to be included if applicable]*. 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.]

**[MiFID II product governance / Retail investors, professional investors and ECPs** – Solely for the purposes of [the/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, professional clients and retail clients, each as defined in [MiFID II/Directive 2014/65/EU (as amended, “MiFID II”)]; *EITHER*<sup>6</sup> [and (ii) all channels for distribution of the Notes are appropriate, including investment advice, portfolio management, non-advised sales and pure execution services] *OR*<sup>7</sup> [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Notes to retail clients are appropriate – investment advice[,/ and] portfolio management[,/ and][ non-advised sales ][and pure execution services][, subject to the distributor’s suitability and appropriateness obligations under MiFID II, as applicable]]. *[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[, subject to the distributor’s suitability and appropriateness obligations under MiFID II, as applicable].<sup>8</sup>]

**[NOTES INTENDED TO BE QUALIFYING DEBT SECURITIES FOR THE PURPOSES OF THE INCOME TAX ACT, CHAPTER 134 OF SINGAPORE** - Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any of the Notes by any person who (i) is not resident in Singapore and (ii) carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the Income Tax Act, Chapter 134 of Singapore (the “Income Tax Act”), shall not apply if such person acquires such Notes using the funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost from the Notes is not

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<sup>6</sup> Include for bonds that are not ESMA complex.

<sup>7</sup> Include for certain ESMA complex bonds. This list may need to be amended, for example, if advised sales are deemed necessary. If there are advised sales, a determination of suitability will be necessary. In addition, if the Notes constitute “complex” products, pure execution services are not permitted to retail without the need to make the determination of appropriateness required under Article 25(3) of MiFID II.

<sup>8</sup> If the Notes constitute “complex” products, pure execution services are not permitted to retail without the need to make the determination of appropriateness required under Article 25(3) of MiFID II. If there are advised sales, a determination of suitability will be necessary.

exempt from tax (including for the reasons described above) shall include such income in a return of income made under the Income Tax Act.]

1. (i) Series Number: [ ]
- (ii) Tranche Number: [ ]
- (iii) Date on which the Notes will be consolidated and form a single Series: [The Notes will be consolidated and form a single Series with [ ] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 23 below, which is expected to occur on or about [ ] / [Not Applicable]
2. Specified Currency: [ ]
3. Aggregate Nominal Amount of Notes
  - Tranche: [ ]
  - Series: [ ]
4. Issue Price of Tranche: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [ ]]
5. (i) Specified Denomination(s): [ ]
- (ii) Calculation Amount: [ ]
6. (i) Issue Date [and Interest Commencement Date]: [ ]
- [(ii) Interest Commencement Date (if different from the Issue Date): [[ ]/Issue Date/Not Applicable]
7. Maturity Date: [[ ]/[The Interest Payment Date falling in or nearest to[ ]]
8. Interest Basis: [[ ] per cent. Fixed Rate]  
 [[ ] month [LIBOR/EURIBOR/SIBOR/TIBOR/HIBOR/Bank of England Base Rate] +/-  
 [ ] per cent. Floating Rate]  
 Floating Rate: EONIA Linked Interest  
 Floating Rate: SONIA Linked Interest  
 Floating Rate: Federal Funds Rate Linked Interest

Floating Rate: CMS Linked Interest  
 [[ ] per cent. Fixed Rate until [ ], then  
 calculated in accordance with paragraph 14  
 below]

[Zero Coupon]

- |     |  |   |
|-----|--|---|
| 9.  | Redemption/Payment<br>Basis:   | Redemption at par   |
| 10. | Change of Interest Basis<br>or Redemption/Payment<br>Basis:                      | [[ ]/Not Applicable]  |
| 11. | Put/Call/Substitution<br>Options:  | [Investor Put]<br>[Issuer Call]<br>[Issuer Optional Substitution]<br>[Not Applicable] |
| 12. | (i) Status of the Notes:   | Senior Notes  |
|     | (ii) Date of<br>[Board/Committee]<br>approval for issuance of<br>Notes obtained: | [ ] [and [ ] respectively]  |

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

- |     |                                |   |
|-----|--------------------------------|---|
| 13. | Fixed Rate Note<br>Provisions  | [Applicable/Not Applicable]   |
|     | (i) Rate(s) of Interest:       | [ ] per cent. per annum payable in arrear on<br>each Interest Payment Date                                  |
|     | (ii) Interest Payment Date(s): | [ ] [and [ ]] in each year [up to and including<br>the Maturity Date]                                       |
|     | (iii) Fixed Coupon Amount(s):  | [ ] per Calculation Amount  |
|     | (iv) Broken Amount(s):         | [[ ] per Calculation Amount, payable on the<br>Interest Payment Date falling [in/on] [ ]/Not<br>Applicable] |
|     | (v) Day Count Fraction:        | [30/360] [Actual/Actual (ICMA)]   |
|     | (vi) Determination Date(s):    | [[ ] in each year/Not Applicable]   |

14. Floating Rate Note Provisions: [Applicable/Not Applicable]
- (i) Specified Period(s)/ Specified Interest Payment Dates: [ ]
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (iii) Additional Business Centre(s): [[ ]/Not Applicable]
- (iv) Manner in which the Rates of Interest and Interest Amount is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (v) Party responsible for calculating the Rates of Interest and Interest Amounts (if not the Issue and Paying Agent): [ ]
- (vi) Screen Rate Determination:
- Reference Rate, Relevant Time and Relevant Financial Centre: Reference Rate: [[ ] month [LIBOR/EURIBOR/SIBOR/TIBOR/HIBOR]]/[Bank of England Base Rate]/[EONIA]/[SONIA]/[Federal Funds Rate]/[CMS Reference Rate]  
Relevant Time: [ ]/[Not Applicable]  
Relevant Financial Centre: [ ]/[Not Applicable]  
Reference Currency: [ ]/[Not Applicable]  
Designated Maturity: [ ]/[Not Applicable]
  - Interest Determination Date(s): [ ]
  - Relevant Screen Page: [ ]
  - Reference Rate Replacement [Applicable/Not Applicable]
- (vii) ISDA Determination: [ ]

- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]
- (viii) Linear Interpolation: [Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
- (ix) Margin(s): [ +/- ] [ ] per cent. per annum
- (x) Minimum Rate of Interest: [ ] per cent. per annum
- (xi) Maximum Rate of Interest: [ ] per cent. per annum
- (xii) Day Count Fraction: [Actual/Actual (ISDA)] [Actual/Actual]  
 [Actual/365 (Fixed)]  
 [Actual/365 (Sterling)]  
 [Actual/360]  
 [30/360] [360/360] [Bond Basis]  
 [30E/360] [Eurobond Basis]  
 [30E/360 (ISDA)]
15. Zero Coupon Notes Provisions: [Applicable/Not Applicable]
- (i) Accrual Yield: [ ] per cent. per annum
  - (ii) Reference Price: [ ]
  - (iii) Day Count Fraction in relation to Early Redemption Amounts: [30/360] [Actual/360] [Actual/365]
16. Step-Up Rate of Interest: [Applicable/Not Applicable]
- (i) Rate of Interest/Margin: [ ]
  - (ii) Method of determination of Rate of Interest: [ ]
  - (iii) Reset Date: [ ]

## PROVISIONS RELATING TO REDEMPTION

17. Issuer Call: [Applicable/Not Applicable]
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s): [[ ] per Calculation Amount/Make Whole Redemption Price]
- (iii) If redemption in part: [ ]
- (a) Minimum Redemption Amount: [ ]
- (b) Higher Redemption Amount: [ ]
18. Investor Put: [Applicable/Not Applicable]
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s): [ ] per Calculation Amount
19. Final Redemption Amount: [ ] per Calculation Amount
20. Early Redemption Amount(s) payable on redemption for taxation reasons (where applicable) or on event of default: [ ] per Calculation Amount
21. Make Whole Redemption Price: [[ ] per Calculation Amount/Spens Amount/Make Whole Redemption Amount/Not Applicable]
- (i) Redemption Margin: [[ ]/Not Applicable]
- (ii) Reference Bond: [[ ]/Not Applicable]
- (iii) Quotation Time: [[ ]/Not Applicable]

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

22. Form of Notes:
- (i) Form:
- [Bearer Notes:**  
[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 30 days' notice given at any time/only upon an Exchange Event]]
- [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]
- [Permanent Global Note exchangeable for Definitive Notes on [30 days' notice given at any time/only upon an Exchange Event]]
- [Registered Notes:**  
[Regulation S Global Note registered in the name of a nominee for [a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg] exchangeable for Definitive Registered Notes only upon the occurrence of an Exchange Event]
- [Rule 144A Global Note held by a custodian for DTC (specify nominal amounts) exchangeable for Definitive Registered Notes only upon the occurrence of an Exchange Event]]
- (ii) New Global Note: [Yes/No]
23. Additional Financial Centre(s): [ ]/[Not Applicable]
24. 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/No]

Signed on behalf of the Issuer:

By:

*Duly Authorised*

## PART B – OTHER INFORMATION

### 1. 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 [ ].

### 2. RATINGS

[The Notes to be issued [have been/are expected to be] assigned the following ratings:

- [ ] by Standard & Poor's Credit Market Services Europe Limited
- [ ] by Moody's Investors Service Ltd
- [ ] by Fitch Ratings Limited]

[Not Applicable]

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] 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. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- (i) Reasons for the offer if different from making profit and/or hedging certain risks: [[ ]/Not Applicable]
- (ii) Estimated net proceeds (broken down into each principal intended use and presented in order of priority of such uses) and if the net proceeds will not be sufficient to fund all proposed uses, amount and sources of other funds: [[ ]/Not Applicable]
- (iii) Estimated total expenses (broken down into each principal intended use and presented in order of priority of such uses): [[ ]/Not Applicable]

### 5. YIELD

Indication of yield: [[ ]/Not Applicable]



**6. HISTORIC INTEREST RATES**

[Details of historic [LIBOR/EURIBOR/SIBOR/TIBOR/HIBOR/EONIA/SONIA/Federal Funds Rate/Bank of England Base Rate/CMS] rates can be obtained from [Reuters].] [Not Applicable]

**7. BENCHMARKS REGULATION** (*Floating Rate Notes calculated by reference to benchmarks only*)

[Amounts payable under the Notes will be calculated by reference to [*specify benchmark (as this term is defined in the Benchmarks Regulation)*] which is provided by [*legal name of the benchmark administrator*]. As at the date of these Final Terms, [*legal name of the benchmark administrator*] [*appears/does not appear*] on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of Regulation (EU) 2016/1011 (the “Benchmarks Regulation”).

[As far as the Issuer is aware, [*specify benchmark (as this term is defined in the Benchmarks Regulation)*] [*does not fall within the scope of the Benchmarks Regulation/the transitional provisions in Article 51 of the Benchmarks Regulation apply*] such that [*legal name of the benchmark administrator*] is not currently required to obtain authorisation or registration (or, if located outside the EU, recognition, endorsement or equivalence).]

**8. OPERATIONAL INFORMATION**

ISIN Code: [ ]

Common Code: [ ]

CFI Code: [ ]

FISN Code: [ ]

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): [ ]

**9. DISTRIBUTION**

(i) Name(s) and address(es) of Manager(s)/Dealer(s) and underwriting commitments: [[ ]/Not Applicable]

(ii) Date of Subscription Agreement:  /Not Applicable]

(iii) Total commission and concession:  /Not Applicable]

#### 10. THIRD PARTY INFORMATION

has been extracted from . The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by , no facts have been omitted which would render the reproduced information inaccurate or misleading.]/[Not Applicable]

#### 11. GENERAL

Applicable TEFRA exemption:  C Rules/D Rules/Not Applicable]

144A Eligible:  144A Eligible/Not 144A Eligible]

Prohibition of Sales to EEA Retail Investors:  Applicable/Not Applicable]

*(If the Notes clearly do not constitute “packaged” products, “Not Applicable” should be specified and the relevant legend removed. If the Notes may constitute “packaged” products and no key information document will be prepared, “Applicable” should be specified and the relevant legend included)*

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

*(If “Yes” is specified, include the relevant Income Tax Legend)*

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

*[Prospectus summary to be inserted and the options given as placeholders in the summary to be completed in respect of the Notes being issued]*

Set out below is the form of Final Terms which will be completed for each Tranche of Senior Notes issued under the Programme with a denomination of at least €100,000 (or its equivalent in another currency):

## **PRUDENTIAL PLC**

£10,000,000,000

Medium Term Note Programme

Series No: [●]

Tranche No: [●]

[Brief Description and Amount of Notes]

Issued by

## **PRUDENTIAL PLC**

(LEI: 5493001Z3ZE83NGK8Y12)

Issue Price: [●]%

The date of the Final Terms is [●].

## 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 [date] (the “Prospectus”) [as supplemented by the supplement[s] to it dated [date] [and [date]]] which [together] constitute[s] 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[s]] [has] [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.

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the “Conditions”) set forth in the Prospectus dated [date] which are incorporated by reference in the Prospectus dated [date], 2018. 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 dated [date], 2018 [as supplemented by the supplement[s] to it dated [date],] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the “Prospectus”), including the Conditions incorporated by reference in the Prospectus. 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. 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[s]] [has] [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.]

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**[MiFID II product governance / Professional investors and eligible counterparties only target market** – Solely for the purposes of [the/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/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. *[Details of any negative target market to be included if applicable]*. 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.]

**[NOTES INTENDED TO BE QUALIFYING DEBT SECURITIES FOR THE PURPOSES OF THE INCOME TAX ACT, CHAPTER 134 OF SINGAPORE** - Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any of the Notes by any person who (i) is not resident in Singapore and (ii) carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the Income Tax Act, Chapter 134 of Singapore (the “Income Tax Act”), shall not apply if such person acquires such Notes using the funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost from the Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the Income Tax Act.]

1. (i) Series Number: [ ]
- (ii) Tranche Number: [ ]
- (iii) Date on which the Notes will be consolidated and form a single Series: [The Notes will be consolidated and form a single Series with [ ] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 23 below, which is expected to occur on or about [ ]] / [Not Applicable]
  
2. Specified Currency: [ ]
  
3. Aggregate Nominal Amount of Notes
  - Tranche: [ ]
  - Series: [ ]
  
4. Issue Price of Tranche: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [ ]]

5. (i) Specified Denomination(s): [ ]
- (ii) Calculation Amount: [ ]
6. (i) Issue Date [and Interest Commencement Date]: [ ]
- [(ii) Interest Commencement Date (if different from the Issue Date): [[ ]/Issue Date/Not Applicable]
7. Maturity Date: [[ ]/[The Interest Payment Date falling in or nearest to [ ]]
8. Interest Basis: [[ ] per cent. Fixed Rate]  
 [[ ] month [LIBOR/EURIBOR/SIBOR/TIBOR/HIBOR/Bank of England Base Rate] +/- [ ] per cent. Floating Rate]  
 Floating Rate: EONIA Linked Interest  
 Floating Rate: SONIA Linked Interest  
 Floating Rate: Federal Funds Rate Linked Interest  
 Floating Rate: CMS Linked Interest  
 [[ ] per cent. Fixed Rate until [ ], then calculated in accordance with paragraph 14 below]  
 [Zero Coupon]
9. Redemption/Payment Basis: Redemption at par
10. Change of Interest Basis or Redemption/Payment Basis: [[ ]/Not Applicable]
11. Put/Call/Substitution Options: [Investor Put]  
 [Issuer Call]  
 [Issuer Optional Substitution]  
 [Not Applicable]
12. (i) Status of the Notes: Senior Notes
- (ii) Date of [Board/Committee] approval for issuance of Notes obtained: [ ] [and [ ] respectively]

## PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13. Fixed Rate Note Provisions [Applicable/Not Applicable]
- (i) Rate(s) of Interest: [ ] per cent. per annum payable in arrear on each Interest Payment Date
  - (ii) Interest Payment Date(s): [ ] [and [ ]] in each year [up to and including the Maturity Date]
  - (iii) Fixed Coupon Amount(s): [ ] per Calculation Amount
  - (iv) Broken Amount(s): [[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]/Not Applicable]
  - (v) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
  - (vi) Determination Date(s): [[ ] in each year/Not Applicable]
14. Floating Rate Note Provisions: [Applicable/Not Applicable]
- (i) Specified Period(s)/ Specified Interest Payment Dates: [ ]
  - (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
  - (iii) Additional Business Centre(s): [[ ]/Not Applicable]
  - (iv) Manner in which the Rates of Interest and Interest Amount is/are to be determined: [Screen Rate Determination/ISDA Determination]
  - (v) Party responsible for calculating the Rates of Interest and Interest Amounts (if not the Issue and Paying Agent): [ ]



- (vi) Screen Rate Determination:
- Reference Rate, Relevant Time and Relevant Financial Centre: Reference Rate: [ ] month [LIBOR/EURIBOR/SIBOR/TIBOR/HIBOR]/[Bank of England Base Rate]/[EONIA]/[SONIA]/[Federal Funds Rate]/[CMS Reference Rate]  
Relevant Time: [ ]/[Not Applicable]  
Relevant Financial Centre: [ ]/[Not Applicable]  
Reference Currency: [ ]/[Not Applicable]  
Designated Maturity: [ ]/[Not Applicable]
  - Interest Determination Date(s): [ ]
  - Relevant Screen Page: [ ]
  - Reference Rate Replacement [Applicable/Not Applicable]
- (vii) ISDA Determination: [ ]
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]
- (viii) Linear Interpolation: [Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
- (ix) Margin(s): [+/-] [ ] per cent. per annum
- (x) Minimum Rate of Interest: [ ] per cent. per annum
- (xi) Maximum Rate of Interest: [ ] per cent. per annum
- (xii) Day Count Fraction: [Actual/Actual (ISDA)] [Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)]
15. Zero Coupon Notes Provisions: [Applicable/Not Applicable]

- (i) Accrual Yield: [ ] per cent. per annum
  - (ii) Reference Price: [ ]
  - (iii) Day Count Fraction in relation to Early Redemption Amounts: [30/360] [Actual/360] [Actual/365]
16. Step-Up Rate of Interest: [Applicable/Not Applicable]
- (i) Rate of Interest/Margin: [ ]
  - (ii) Method of determination of Rate of Interest: [ ]
  - (iii) Reset Date: [ ]

**PROVISIONS RELATING TO REDEMPTION**

17. Issuer Call: [Applicable/Not Applicable]
- (i) Optional Redemption Date(s): [ ]
  - (ii) Optional Redemption Amount(s): [[ ] per Calculation Amount/Make Whole Redemption Price]
  - (iii) If redemption in part: [ ]
    - (a) Minimum Redemption Amount: [ ]
    - (b) Higher Redemption Amount: [ ]
18. Investor Put: [Applicable/Not Applicable]
- (i) Optional Redemption Date(s): [ ]
  - (ii) Optional Redemption Amount(s): [ ] per Calculation Amount
19. Final Redemption Amount: [ ] per Calculation Amount

20. Early Redemption Amount(s) payable on redemption for taxation reasons (where applicable) or on event of default: [ ] per Calculation Amount
21. Make Whole Redemption Price: [[ ] per Calculation Amount/Spens Amount/Make Whole Redemption Amount/Not Applicable]
- (i) Redemption Margin: [[ ]/Not Applicable]
- (ii) Reference Bond: [[ ]/Not Applicable]
- (iii) Quotation Time: [[ ]/Not Applicable]

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

22. Form of Notes:
- (i) Form:
- [Bearer Notes:**  
 [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 30 days' notice given at any time/only upon an Exchange Event]]
- [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]
- [Permanent Global Note exchangeable for Definitive Notes on [30 days' notice given at any time/only upon an Exchange Event]]
- [Registered Notes:**  
 [Regulation S Global Note registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg] exchangeable for Definitive Registered Notes only upon the occurrence of an Exchange Event]
- [Rule 144A Global Note held by a custodian for DTC (specify nominal amounts) exchangeable for Definitive Registered Notes only upon the occurrence of an Exchange Event]]

- (ii) New Global Note: [Yes/No]
23. Additional Financial Centre(s): [ ]/[Not Applicable]
24. 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/No]

Signed on behalf of the Issuer:

By:

*Duly Authorised*

## 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 [ ].
- (ii) Estimate of total expenses relating to [ ] admission to trading:

### 2. RATINGS

[The Notes to be issued [have been/are expected to be] assigned the following ratings:

- [ ] by Standard & Poor's Credit Market Services Europe Limited  
[ ] by Moody's Investors Service Ltd  
[ ] by Fitch Ratings Limited]

[Not Applicable]

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] 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: [[ ]/Not Applicable]

### 5. BENCHMARKS REGULATION *(Floating Rate Notes calculated by reference to benchmarks only)*

[Amounts payable under the Notes will be calculated by reference to [specify benchmark (as this term is defined in the Benchmarks Regulation)] which is provided by [legal name of the benchmark administrator]. As at the date of these Final Terms, [legal name of the benchmark administrator] [appears/does not appear] on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of Regulation (EU) 2016/1011 (the "Benchmarks Regulation").

[As far as the Issuer is aware, [specify benchmark (as this term is defined in the Benchmarks Regulation)] [does not fall within the scope of the Benchmarks Regulation/the transitional provisions in Article 51 of the Benchmarks Regulation apply] such that [legal name of the benchmark administrator] is not currently required to obtain authorisation or registration (or, if located outside the EU, recognition, endorsement or equivalence).]]

## 6. OPERATIONAL INFORMATION

ISIN Code: [ ]

Common Code: [ ]

CFI Code: [ ]

FISN Code: [ ]

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): [ ]

## 7. THIRD PARTY INFORMATION

[[ ] has been extracted from [ ]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced information inaccurate or misleading.]/[Not Applicable]

## 8. GENERAL

Applicable TEFRA exemption: [C Rules/D Rules/Not Applicable]

144A Eligible: [144A Eligible/Not 144A Eligible]

Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]

*(If the Notes clearly do not constitute “packaged” products, “Not Applicable” should be specified and the relevant legend removed. If the Notes may constitute “packaged” products and no key information document will be prepared, “Applicable” should be specified and the relevant legend included)*

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

*(If "Yes" is specified, include the relevant Income Tax Legend)*

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

*[Prospectus summary to be inserted and the options given as placeholders in the summary to be completed in respect of the Notes being issued]*



## FORMS OF FINAL TERMS FOR THE TIER 2 NOTES

Set out below is the form of Final Terms which will be completed for each Tranche of Tier 2 Notes issued under the Programme with a denomination of less than €100,000 (or its equivalent in another currency):

### PRUDENTIAL PLC

£10,000,000,000

Medium Term Note Programme

Series No: [●]

Tranche No: [●]

[Brief Description and Amount of Notes]

Issued by

### PRUDENTIAL PLC

(LEI: 5493001Z3ZE83NGK8Y12)

Issue Price: [●]%

The date of the Final Terms is [●].

## 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 [date] (the “Prospectus”) [as supplemented by the supplement[s] to it dated [date] [and [date]]] which [together] constitute[s] 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[s]] [has] [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.

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the “Conditions”) set forth in the Prospectus dated [date] which are incorporated by reference in the Prospectus dated [date], 2018. 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 dated [date], 2018 [as supplemented by the supplement[s] to it dated [date],] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the “Prospectus”), including the Conditions incorporated by reference in the Prospectus. 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. 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[s]] [has] [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, 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 [the/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/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. [*Details of any negative target market to be included if applicable*]. 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.]

**[MiFID II product governance / Retail investors, professional investors and ECPs** – Solely for the purposes of [the/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, professional clients and retail clients, each as defined in [MiFID II/Directive 2014/65/EU (as amended, “MiFID II”)]; *EITHER*<sup>9</sup> [and (ii) all channels for distribution of the Notes are appropriate, including investment advice, portfolio management, non-advised sales and pure execution services] *OR*<sup>10</sup> [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Notes to retail clients are appropriate – investment advice[,/ and] portfolio management[,/ and][ non-advised sales ][and pure execution services][, subject to the distributor’s suitability and appropriateness obligations under MiFID II, as applicable]]. [*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[, subject to the distributor’s suitability and appropriateness obligations under MiFID II, as applicable].<sup>11</sup>]

**[NOTES INTENDED TO BE QUALIFYING DEBT SECURITIES FOR THE PURPOSES OF THE INCOME TAX ACT, CHAPTER 134 OF SINGAPORE** - Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any of the Notes by any person who (i) is not resident in Singapore and (ii) carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the Income Tax Act, Chapter 134 of Singapore (the “Income Tax Act”), shall not apply if such person acquires such Notes using the funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost from the Notes is not

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<sup>9</sup> Include for bonds that are not ESMA complex

<sup>10</sup> Include for certain ESMA complex bonds. This list may need to be amended, for example, if advised sales are deemed necessary. If there are advised sales, a determination of suitability will be necessary. In addition, if the Notes constitute “complex” products, pure execution services are not permitted to retail without the need to make the determination of appropriateness required under Article 25(3) of MiFID II.

<sup>11</sup> If the Notes constitute “complex” products, pure execution services are not permitted to retail without the need to make the determination of appropriateness required under Article 25(3) of MiFID II. If there are advised sales, a determination of suitability will be necessary.

exempt from tax (including for the reasons described above) shall include such income in a return of income made under the Income Tax Act.]

1. (i) Series Number: [ ]
- (ii) Tranche Number: [ ]
- (iii) Date on which the Notes will be consolidated and form a single Series: [The Notes will be consolidated and form a single Series with [ ] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 23 below, which is expected to occur on or about [ ] / [Not Applicable]
2. Specified Currency: [ ]
3. Aggregate Nominal Amount of Notes
  - Tranche: [ ]
  - Series: [ ]
4. Issue Price of Tranche: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [ ]]
5. (i) Specified Denomination(s): [ ]
- (ii) Calculation Amount: [ ]
6. (i) Issue Date [and Interest Commencement Date]: [ ]
- [(ii) Interest Commencement Date (if different from the Issue Date): [[ ]/Issue Date/Not Applicable]
7. Maturity Date (to be no earlier than the tenth anniversary of the Issue Date): [[ ]/[The Interest Payment Date falling in or nearest to[ ]] [Undated]
8. Interest Basis: [[ ] per cent. Fixed Rate]  
[[ ] month [LIBOR/EURIBOR/SIBOR/TIBOR/HIBOR/Bank of England Base Rate] +/- [ ] per cent. Floating Rate]  
Floating Rate: EONIA Linked Interest

Floating Rate: SONIA Linked Interest  
 Floating Rate: Federal Funds Rate Linked Interest  
 Floating Rate: CMS Linked Interest  
 [[ ] per cent. Fixed Rate until [ ], then  
 calculated in accordance with paragraph 14  
 below]

- |     |   |   |
|-----|---|---|
| 9.  | Redemption/Payment Basis:   | Redemption at par   |
| 10. | Change of Interest Basis or Redemption/Payment Basis:                   | [[ ]/Not Applicable]  |
| 11. | Call/Substitution Options:  | [Issuer Call]<br>[Issuer Optional Substitution]<br>[Not Applicable] |
| 12. | (i) Status of the Notes:  | [Dated Tier 2 Notes/Undated Tier 2 Notes]                           |
|     | (ii) Date of [Board/Committee] approval for issuance of Notes obtained: | [ ] [and [ ] respectively]  |

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

- |     |                                |   |
|-----|--------------------------------|---|
| 13. | Fixed Rate Note Provisions     | [Applicable/Not Applicable]   |
|     | (i) Rate(s) of Interest:       | [ ] per cent. per annum payable in arrear on each Interest Payment Date                               |
|     | (ii) Interest Payment Date(s): | [ ] [and [ ]] in each year [up to and including the Maturity Date]                                    |
|     | (iii) Fixed Coupon Amount(s):  | [ ] per Calculation Amount  |
|     | (iv) Broken Amount(s):         | [[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]/Not Applicable] |
|     | (v) Day Count Fraction:        | [30/360] [Actual/Actual (ICMA)]   |
|     | (vi) Determination Date(s):    | [[ ] in each year/Not Applicable]   |

- (vii) Deferral of Interest: [Optional Interest Deferral/Capital Adequacy Interest Deferral]
- (viii) Dividend and Capital Restriction: [Applicable/Not Applicable]
- 14. Reset Note Provisions: [Applicable/Not Applicable]
  - (i) Initial Rate of Interest: [ ] per cent. per annum payable in arrear on each Interest Payment Date
  - (ii) Interest Payment Date(s): [ ] [and [ ]] in each year [up to and including the Maturity Date]
  - (iii) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
  - (iv) Determination Date(s): [[ ] in each year/Not Applicable]
  - (v) Reset Date(s): [ ]
  - (vi) Subsequent Reset Reference Rate(s) and Relevant Financial Centre: Subsequent Reset Reference Rate: [Mid Swaps/Reference Bond]
    - Relevant Financial Centre: [ ]
  - (vii) Reset Margin: [ ]
  - (viii) Subsequent Reset Rate Screen Page: [ ]
  - (ix) Mid Swap Maturity: [ ]
  - (x) Reset Determination Date: [ ]
  - (xi) Subsequent Reset Rate Time: [ ]
  - (xii) Mid Swap Benchmark Rate Replacement: [Applicable/Not Applicable]
  - (xiii) Deferral of Interest: [Optional Interest Deferral/Capital Adequacy Interest Deferral]

	(xiv) Dividend and Capital Restriction:	[Applicable/Not Applicable]
15.	Floating Rate Note Provisions:	[Applicable/Not Applicable]
	(i) Specified Period(s)/ Specified Interest Payment Dates:	[ ]
	(ii) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Modified Business Day Convention/Preceding Business Day Convention/FRN Convention/Eurodollar Convention/No Adjustment]
	(iii) Additional Business Centre(s):	[[ ]/Not Applicable]
	(iv) Manner in which the Rates of Interest and Interest Amount is/are to be determined:	[Screen Rate Determination/ISDA Determination]
	(v) Party responsible for calculating the Rates of Interest and Interest Amounts (if not the Issue and Paying Agent):	[ ]
	(vi) Screen Rate Determination:	
	- Reference Rate, Relevant Time and Relevant Financial Centre:	Reference Rate: [[ ] month [LIBOR/EURIBOR/SIBOR/TIBOR/HIBOR]]/[Bank of England Base Rate]/[EONIA]/[SONIA]/[Federal Funds Rate]/[CMS Reference Rate] Relevant Time: [ ]/[Not Applicable] Relevant Financial Centre: [ ]/[Not Applicable] Reference Currency: [ ]/[Not Applicable] Designated Maturity: [ ]/[Not Applicable]
	- Interest Determination Date(s):	[ ]
	- Relevant Screen Page	[ ]

- Reference Rate Replacement [Applicable/Not Applicable]
- (vii) ISDA Determination: [ ]
  - Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]
- (viii) Linear Interpolation: [Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
- (ix) Margin(s): [+/-] [ ] per cent. per annum
- (x) Minimum Rate of Interest: [ ] per cent. per annum
- (xi) Maximum Rate of Interest: [ ] per cent. per annum
- (xii) Day Count Fraction: [Actual/Actual (ISDA)] [Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)]
- (xiii) Deferral of Interest: [Optional Interest Deferral/Capital Adequacy Interest Deferral]
- (xiv) Dividend and Capital Restriction: [Applicable/Not Applicable]
- 16. Step-Up Rate of Interest: [Applicable/Not Applicable]
  - (i) Rate of Interest/Margin: [ ]
  - (ii) Method of determination of Rate of Interest: [ ]
  - (iii) Reset Date: [ ]



## PROVISIONS RELATING TO REDEMPTION

17. (a) Issuer Call: [Applicable/Not Applicable]
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s): [[ ] per Calculation Amount/Make Whole Redemption Price]
- (iii) If redemption in part: [ ]
- (a) Minimum Redemption Amount: [ ]
- (b) Higher Redemption Amount: [ ]
- (b) Tax Event Redemption: [Applicable/Not Applicable]
- (c) Tax Event Redemption and Refinancing Option: [Applicable/Not Applicable]
- (d) Regulatory Event Redemption: [Applicable/Not Applicable]
- (e) Regulatory Event Redemption and Regulatory Event Refinancing Option: [Applicable/Not Applicable]
- (f) Rating Event Redemption: [Applicable/Not Applicable]
18. Final Redemption Amount: [ ] per Calculation Amount
19. Early Redemption Amount(s) payable on redemption for taxation reasons (where applicable) or on event of default: [ ] per Calculation Amount
20. Make Whole Redemption Price: [[ ] per Calculation Amount/Spens Amount/Make Whole Redemption Amount/Not Applicable]

- (i) Redemption Margin: /Not Applicable]
- (ii) Reference Bond: /Not Applicable]
- (iii) Quotation Time: /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 [on 30 days' notice given at any time/only upon an Exchange Event]]
    - [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]
    - [Permanent Global Note exchangeable for Definitive Notes on [30 days' notice given at any time/only upon an Exchange Event]]
    - [Registered Notes:**  
 [Regulation S Global Note registered in the name of a nominee for [a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg] exchangeable for Definitive Registered Notes only upon the occurrence of an Exchange Event]
    - [Rule 144A Global Note held by a custodian for DTC (specify nominal amounts) exchangeable for Definitive Registered Notes only upon the occurrence of an Exchange Event]]
  - (ii) New Global Note:  [Yes/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/No]

Signed on behalf of the Issuer:

By:

*Duly Authorised*

## PART B – OTHER INFORMATION

### 1. 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 [ ].

### 2. RATINGS

[The Notes to be issued [have been/are expected to be] assigned the following ratings:

- [ ] by Standard & Poor's Credit Market Services Europe Limited
- [ ] by Moody's Investors Service Ltd
- [ ] by Fitch Ratings Limited] [Not Applicable]

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] 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. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- (i) Reasons for the offer if different from making profit and/or hedging certain risks: [[ ]/Not Applicable]
- (ii) Estimated net proceeds (broken down into each principal intended use and presented in order of priority of such uses) and if the net proceeds will not be sufficient to fund all proposed uses, amount and sources of other funds: [[ ]/Not Applicable]
- (iii) Estimated total expenses (broken down into each principal intended use and presented in order of priority of such uses): [[ ]/Not Applicable]

**5. YIELD**

Indication of yield:  /Not Applicable]

**6. HISTORIC INTEREST RATES**

[Details of historic [LIBOR/EURIBOR/SIBOR/TIBOR/HIBOR/EONIA/SONIA/Federal Funds Rate/Bank of England Base Rate/CMS] rates can be obtained from [Reuters].] [Not Applicable]

**7. BENCHMARKS REGULATION** (*Floating Rate Notes and Reset Notes calculated by reference to benchmarks only*)

[Amounts payable under the Notes will be calculated by reference to [specify benchmark (as this term is defined in the Benchmarks Regulation)] which is provided by [legal name of the benchmark administrator]. As at the date of these Final Terms, [legal name of the benchmark administrator] [appears/does not appear] on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of Regulation (EU) 2016/1011 (the “Benchmarks Regulation”).

[As far as the Issuer is aware, [specify benchmark (as this term is defined in the Benchmarks Regulation)] [does not fall within the scope of the Benchmarks Regulation/the transitional provisions in Article 51 of the Benchmarks Regulation apply] such that [legal name of the benchmark administrator] is not currently required to obtain authorisation or registration (or, if located outside the EU, recognition, endorsement or equivalence).]

**8. OPERATIONAL INFORMATION**

ISIN Code:  ]

Common Code:  ]

CFI Code:  ]

FISN Code:  ]

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):  ]

## 9. DISTRIBUTION

- (i) Name(s) and address(es) of Manager(s)/Dealer(s) and underwriting commitments:  /Not Applicable]
- (ii) Date of Subscription Agreement:  /Not Applicable]
- (iii) Total commission and concession:  /Not Applicable]

## 10. THIRD PARTY INFORMATION

has been extracted from . The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by , no facts have been omitted which would render the reproduced information inaccurate or misleading.]/[Not Applicable]

## 11. GENERAL

Applicable TEFRA exemption:  [C Rules/D Rules/Not Applicable]

144A Eligible:  [144A Eligible/Not 144A Eligible]

Prohibition of Sales to EEA Retail Investors:  [Applicable/Not Applicable]

*(If the Notes clearly do not constitute “packaged” products, “Not Applicable” should be specified and the relevant legend removed. If the Notes may constitute “packaged” products and no key information document will be prepared, “Applicable” should be specified and the relevant legend included)*

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

*(If “Yes” is specified, include the relevant Income Tax Legend)*

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

*[Prospectus summary to be inserted and the options given as placeholders in the summary to be completed in respect of the Notes being issued]*

Set out below is the form of Final Terms which will be completed for each Tranche of Tier 2 Notes issued under the Programme with a denomination of at least €100,000 (or its equivalent in another currency):

## **PRUDENTIAL PLC**

£10,000,000,000

Medium Term Note Programme

Series No: [●]

Tranche No: [●]

[Brief Description and Amount of Notes]

Issued by

## **PRUDENTIAL PLC**

(LEI: 5493001Z3ZE83NGK8Y12)

Issue Price: [●]%

The date of the Final Terms is [●].



## 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 [date] (the “Prospectus”) [as supplemented by the supplement[s] to it dated [date] [and [date]]] which [together] constitute[s] 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[s]] [has] [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.

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the “Conditions”) set forth in the Prospectus dated [date] which are incorporated by reference in the Prospectus dated [date], 2018. 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 dated [date], 2018 [as supplemented by the supplement[s] to it dated [date],] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the “Prospectus”), including the Conditions incorporated by reference in the Prospectus. 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. 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[s]] [has] [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, 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 [the/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/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. *[Details of any negative target market to be included if applicable]*. 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.]

**[NOTES INTENDED TO BE QUALIFYING DEBT SECURITIES FOR THE PURPOSES OF THE INCOME TAX ACT, CHAPTER 134 OF SINGAPORE** - Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any of the Notes by any person who (i) is not resident in Singapore and (ii) carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the Income Tax Act, Chapter 134 of Singapore (the “Income Tax Act”), shall not apply if such person acquires such Notes using the funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost from the Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the Income Tax Act.]

1. (i) Series Number: [ ]
- (ii) Tranche Number: [ ]
- (iii) Date on which the Notes will be consolidated and form a single Series:  
  
[The Notes will be consolidated and form a single Series with [ ] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 23 below, which is expected to occur on or about [ ] / [Not Applicable]
2. Specified Currency: [ ]
3. Aggregate Nominal Amount of Notes
  - Tranche: [ ]
  - Series: [ ]

4. Issue Price of Tranche: [ ] per cent. of the Aggregate Nominal Amount  
[plus accrued interest from [ ]]
5. (i) Specified Denomination(s): [ ]
- (ii) Calculation Amount: [ ]
6. (i) Issue Date [and Interest Commencement Date]: [ ]
- [(ii) Interest Commencement Date (if different from the Issue Date): [[ ]/Issue Date/Not Applicable]
7. Maturity Date (to be no earlier than the tenth anniversary of the Issue Date): [[ ]/[The Interest Payment Date falling in or nearest to [ ]] [Undated]
8. Interest Basis: [[ ] per cent. Fixed Rate]  
[[ ] month [LIBOR/EURIBOR/SIBOR/TIBOR/HIBOR/Bank of England Base Rate] +/- [ ] per cent. Floating Rate]  
Floating Rate: EONIA Linked Interest  
Floating Rate: SONIA Linked Interest  
Floating Rate: Federal Funds Rate Linked Interest  
Floating Rate: CMS Linked Interest  
[[ ] per cent. Fixed Rate until [ ], then calculated in accordance with paragraph 14 below]
9. Redemption/Payment Basis: Redemption at par
10. Change of Interest Basis or Redemption/Payment Basis: [[ ]/Not Applicable]
11. Call/Substitution Options: [Issuer Call]  
[Issuer Optional Substitution]  
[Not Applicable]
12. (i) Status of the Notes: [Dated Tier 2 Notes/Undated Tier 2 Notes]

- (ii) Date of [ ] [and [ ] respectively]  
 [Board/Committee]  
 approval for issuance of  
 Notes obtained:

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

13. Fixed Rate Note Provisions [Applicable/Not Applicable]
- (i) Rate(s) of Interest: [ ] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [ ] [and [ ]] in each year [up to and including the Maturity Date]
- (iii) Fixed Coupon Amount(s): [ ] per Calculation Amount
- (iv) Broken Amount(s): [[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]/Not Applicable]
- (v) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
- (vi) Determination Date(s): [[ ] in each year/Not Applicable]
- (vii) Deferral of Interest: [Optional Interest Deferral/Capital Adequacy Interest Deferral]
- (viii) Dividend and Capital Restriction: [Applicable/Not Applicable]
14. Reset Note Provisions: [Applicable/Not Applicable]
- (i) Initial Rate of Interest: [ ] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [ ] [and [ ]] in each year [up to and including the Maturity Date]
- (iii) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
- (iv) Determination Date(s): [[ ] in each year/Not Applicable]
- (v) Reset Date(s): [ ]

	(vi)	Subsequent Reset Reference Rate(s) and Relevant Financial Centre:	Subsequent Reset Reference Rate: [Mid Swaps/Reference Bond] Relevant Financial Centre: [ ]
	(vii)	Reset Margin:	[ ]
	(viii)	Subsequent Reset Rate Screen Page:	[ ]
	(ix)	Mid Swap Maturity:	[ ]
	(x)	Reset Determination Date:	[ ]
	(xi)	Subsequent Reset Rate Time:	[ ]
	(xii)	Mid Swap Benchmark Rate Replacement:	[Applicable/Not Applicable]
	(xiii)	Deferral of Interest:	Optional Interest Deferral/Capital Adequacy Interest Deferral]
	(xiv)	Dividend and Capital Restriction:	[Applicable/Not Applicable]
15.		Floating Rate Note Provisions:	[Applicable/Not Applicable]
	(i)	Specified Period(s)/ Specified Interest Payment Dates:	[ ]
	(ii)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Modified Business Day Convention/Preceding Business Day Convention/FRN Convention/Eurodollar Convention/No Adjustment]
	(iii)	Additional Business Centre(s):	[[ ]/Not Applicable]
	(iv)	Manner in which the Rates of Interest and	[Screen Rate Determination/ISDA Determination]

Interest Amount is/are to be determined:

- (v) Party responsible for calculating the Rates of Interest and Interest Amounts (if not the Issue and Paying Agent): [ ]
- (vi) Screen Rate Determination:
- Reference Rate, Relevant Time and Relevant Financial Centre: Reference Rate: [[ ] month [LIBOR/EURIBOR/SIBOR/TIBOR/HIBOR]]/[Bank of England Base Rate]/[EONIA]/[SONIA]/[Federal Funds Rate]/[CMS Reference Rate]  
Relevant Time: [ ]/[Not Applicable]  
Relevant Financial Centre: [ ]/[Not Applicable]  
Reference Currency: [ ]/[Not Applicable]  
Designated Maturity: [ ]/[Not Applicable]
  - Interest Determination Date(s): [ ]
  - Relevant Screen Page: [ ]
  - Reference Rate Replacement [Applicable/Not Applicable]
- (vii) ISDA Determination: [ ]
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]
- (viii) Linear Interpolation: [Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
- (ix) Margin(s): [+/-] [ ] per cent. per annum
- (x) Minimum Rate of Interest: [ ] per cent. per annum

- |        |  |  |
|--------|--|--|
| (xi)   | Maximum Rate of Interest:                    | [ ] per cent. per annum  |
| (xii)  | Day Count Fraction:                          | [Actual/Actual (ISDA)] [Actual/Actual]<br>[Actual/365 (Fixed)]<br>[Actual/365 (Sterling)]<br>[Actual/360]<br>[30/360] [360/360] [Bond Basis]<br>[30E/360] [Eurobond Basis]<br>[30E/360 (ISDA)] |
| (xiii) | Deferral of Interest:                        | [Optional Interest Deferral/Capital Adequacy Interest Deferral]  |
| (xiv)  | Dividend and Capital Restriction:            | [Applicable/Not Applicable]  |
| 16.    | Step-Up Rate of Interest:                    | [Applicable/Not Applicable]  |
| (i)    | Rate of Interest/Margin:                     | [ ]  |
| (ii)   | Method of determination of Rate of Interest: | [ ]  |
| (iii)  | Reset Date:                                  | [ ]  |

**PROVISIONS RELATING TO REDEMPTION**

- |     |       |                                |  |
|-----|-------|--------------------------------|--|
| 17. | (a)   | Issuer Call:                   | [Applicable/Not Applicable]                              |
|     | (i)   | Optional Redemption Date(s):   | [ ]  |
|     | (ii)  | Optional Redemption Amount(s): | [[ ] per Calculation Amount/Make Whole Redemption Price] |
|     | (iii) | If redemption in part:         | [ ]  |
|     |       | (a) Minimum Redemption Amount: | [ ]  |
|     |       | (b) Higher Redemption Amount:  | [ ]  |
|     | (b)   | Tax Event Redemption:          | [Applicable/Not Applicable]                              |

	(c)	Tax Event Redemption and Refinancing Option:	[Applicable/Not Applicable]
	(d)	Regulatory Event Redemption:	[Applicable/Not Applicable]
	(e)	Regulatory Event Redemption and Regulatory Event Refinancing Option:	[Applicable/Not Applicable]
	(f)	Rating Event Redemption:	[Applicable/Not Applicable]
18.		Final Redemption Amount:	[ ] per Calculation Amount
19.		Early Redemption Amount(s) payable on redemption for taxation reasons (where applicable) or on event of default:	[ ] per Calculation Amount
20.		Make Whole Redemption Price:	[[ ] per Calculation Amount/Spens Amount/Make Whole Redemption Amount/Not Applicable]
	(i)	Redemption Margin:	[[ ]/Not Applicable]
	(ii)	Reference Bond:	[[ ]/Not Applicable]
	(iii)	Quotation Time:	[[ ]/Not Applicable]

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

21.		Form of Notes:	
	(i)	Form:	<p><b>[Bearer Notes:</b>  [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 30 days' notice given at any time/only upon an Exchange Event]]</p> <p>[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]</p>



[Permanent Global Note exchangeable for Definitive Notes on [30 days' notice given at any time/only upon an Exchange Event]]

**[Registered Notes:**

[Regulation S Global Note registered in the name of a nominee for [a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg] exchangeable for Definitive Registered Notes only upon the occurrence of an Exchange Event]

[Rule 144A Global Note held by a custodian for DTC (specify nominal amounts) exchangeable for Definitive Registered Notes only upon the occurrence of an Exchange Event]]

- |      |   |  |
|------|---|--|
| (ii) | New Global Note:  | [Yes/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/No] |

Signed on behalf of the Issuer:  
By:

*Duly Authorised*

## 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 [ ].
- (ii) Estimate of total expenses relating to admission to trading: [ ]

### 2. RATINGS

[The Notes to be issued [have been/are expected to be] assigned the following ratings:

- [ ] by Standard & Poor's Credit Market Services Europe Limited  
[ ] by Moody's Investors Service Ltd  
[ ] by Fitch Ratings Limited]  
[Not Applicable]

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] 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: [[ ]/Not Applicable]

### 5. BENCHMARKS REGULATION *(Floating Rate Notes and Reset Notes calculated by reference to benchmarks only)*

[Amounts payable under the Notes will be calculated by reference to [*specify benchmark (as this term is defined in the Benchmarks Regulation)*] which is provided by [*legal name of the benchmark administrator*]. As at the date of these Final Terms, [*legal name of the benchmark administrator*] [appears/does not appear] on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of Regulation (EU) 2016/1011 (the “Benchmarks Regulation”).

[As far as the Issuer is aware, [*specify benchmark (as this term is defined in the Benchmarks Regulation)*] [does not fall within the scope of the Benchmarks Regulation/the transitional provisions in Article 51 of the Benchmarks Regulation apply] such that [*legal name of the benchmark administrator*] is not currently required to obtain authorisation or registration (or, if located outside the EU, recognition, endorsement or equivalence).]

**6. OPERATIONAL INFORMATION**

ISIN Code: [ ]

Common Code: [ ]

CFI Code: [ ]

FISN Code: [ ]

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): [ ]

**7. THIRD PARTY INFORMATION**

[[ ] has been extracted from [ ]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced information inaccurate or misleading.]/[Not Applicable]

**8. GENERAL**

Applicable TEFRA exemption: [C Rules/D Rules/Not Applicable]

144A Eligible: [144A Eligible/Not 144A Eligible]

Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]

*(If the Notes clearly do not constitute “packaged” products, “Not Applicable” should be specified and the relevant legend removed. If the Notes may constitute “packaged” products and no key information document will be prepared, “Applicable” should be specified and the relevant legend included)*

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

*(If “Yes” is specified, include the relevant Income Tax Legend)*

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

*[Prospectus summary to be inserted and the options given as placeholders in the summary to be completed in respect of the Notes being issued]*

## GENERAL INFORMATION

1. Upon admission of the Notes to the Official List, their listing will be expressed as a percentage of their principal amount (exclusive of accrued interest). It is expected that the admission of the Programme in respect of the Notes to the Official List and to trading on the Market will be granted on or about 14 June, 2018. Any Tranche of Notes intended to be admitted to the Official List and to trading on the Market will be so admitted upon submission to the UK Listing Authority and the London Stock Exchange of the applicable Final Terms and any other information required by the UK Listing Authority and the London Stock Exchange, subject to the issue of the Notes. Prior to official listing, however, dealings will be permitted by the London Stock Exchange in accordance with its rules. However, Notes may be issued which will not be admitted to the Official List and to trading on the Market or any other exchange.
2. The Issuer has obtained all necessary consents, approvals and authorisations in the United Kingdom in connection with the establishment of the Programme. The update of the Programme was authorised pursuant to resolutions of the Board of Directors of the Issuer at a meeting held on 5 November, 2015 and by resolutions of a committee, to which the Board delegated authority on 5 November, 2015, passed on 8 June, 2018.
3. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The Common Code and the International Securities Identification Number ("ISIN") and (where applicable) the identification number for any other relevant clearing system for each Tranche 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; the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg and the address of DTC is 55 Water Street, New York, NY 10041-0099. The address of CREST is 33 Cannon Street, London EC4M 5SB. The address of any alternative clearing system will be specified in the applicable Final Terms.
4. Bearer Notes with an original maturity of more than one year and any Coupon or Talon appertaining thereto will bear a legend substantially to the following effect, unless the applicable Final Terms specify that C Rules apply or TEFRA does not apply: "*Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.*"

The sections referred to in such legend provide that a United States person who holds a Bearer Note, Coupon or Talon generally will not be allowed to deduct any loss realised on the sale, exchange or redemption of such Bearer Note, Coupon or Talon and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.
5. For so long as Notes may be issued pursuant to this Prospectus, copies of the following documents will, when published, be available during normal business hours from the registered office of the Issuer and the specified office of the Issue and Paying Agent for the time being in London:

- (i) the Trust Deed;
- (ii) the Agency Agreement;
- (iii) the Issuer-ICSDs Agreement;
- (iv) the forms of the Notes, the Coupons and the Talons;
- (v) the Memorandum and Articles of Association of the Issuer;
- (vi) the audited consolidated annual financial statements of the Issuer for the financial years ended 31 December, 2016 and 31 December, 2017;
- (vii) a copy of this Prospectus; and
- (viii) all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to (including the reports of KPMG LLP, referred to in paragraph 9 below) in this Prospectus.

Copies of this Prospectus, any documents incorporated by reference and each Final Terms relating to Notes which are admitted to trading on the Market will also be published on the website of the London Stock Exchange through a regulatory information service.

Copies of each Final Terms relating to Notes which are admitted to trading on any other regulated market in the EEA will be published in accordance with Article 14(2) of the Prospectus Directive and the rules and regulations of the relevant regulated market.

- 6. There has been no significant change in the financial or trading position of the Issuer and its subsidiaries as a whole since 31 December, 2017.
- 7. There has been no material adverse change in the prospects of the Issuer and its subsidiaries as a whole since 31 December, 2017.
- 8. 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, a significant effect on the financial position or profitability of the Issuer and its subsidiaries as a whole.
- 9. The auditors of the Issuer are KPMG LLP, Chartered Accountants & Registered Auditors of 15 Canada Square, London E14 5GL. KPMG LLP have audited the Issuer's accounts, without qualification, in accordance with generally accepted auditing standards in the United Kingdom for the financial years ended 31 December, 2016 and 31 December, 2017. The auditors of the Issuer have no material interest in the Issuer.

KPMG LLP is a member firm of the Institute of Chartered Accountants in England and Wales, registered address as provided above, has given and has not withdrawn its written consent to the inclusion of the reports in the section above entitled "*Prudential plc* -

*Unaudited pro forma information*” in the form and context in which they appear and has authorised the contents of those parts of this Prospectus which comprise its reports for the purposes of Rule 5.5.4R (2)(f) of the Prospectus Rules.

The Trust Deed provides that any certificate or report called for by, or provided by, the Auditors (as defined in the Trust Deed) or any other expert in accordance with or for the purposes of the Trust Deed may be relied upon by the Trustee as sufficient evidence of the facts stated therein notwithstanding that any such certificate or report and/or any engagement letter or other document entered into by the Trustee and the Auditors or such other expert in connection therewith contains a monetary or other limit on the liability of the Auditors or such other expert.

10. The issue price and the amount of the relevant Notes will be determined before the filing of the applicable Final Terms of each Tranche, based on the prevailing market conditions.
11. Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business. Certain of the 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.

In addition, in the ordinary course of their business activities, the 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 the Issuer’s affiliates. Certain of the 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, 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 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.

12. The Issuer’s Legal Entity Identifier (“LEI”) is 5493001Z3ZE83NGK8Y12.



**THE REGISTERED OFFICE OF THE ISSUER**

**Prudential plc**  
Laurence Pountney Hill  
London EC4R 0HH

**ISSUE AND PAYING AGENT AND REGISTRAR**

**Citibank, N.A., London Office**  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB

**TRUSTEE**

**The Law Debenture Trust Corporation p.l.c.**  
Fifth Floor  
100 Wood Street  
London EC2V 7EX

**LEGAL ADVISERS**

*To the Dealers and the Trustee*

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London E1 6AD

*To the Issuer*

**Slaughter and May**  
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**AUDITORS**

**KPMG LLP**  
15 Canada Square  
London E14 5GL

**DEALERS**

**Barclays Bank PLC**  
5 The North Colonnade  
Canary Wharf  
London E14 4BB

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Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB

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London EC2N 2DB

**Goldman Sachs International**  
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133 Fleet Street  
London EC4A 2BB

**NatWest Markets Plc**  
250 Bishopsgate  
London EC2M 4AA

**UBS Limited**  
5 Broadgate  
London EC2M 2QS