

# **PRUDENTIAL PLC**

£6,000,000,000

Medium Term Note Programme

Series No: 37

Tranche No: 1

USD 750,000,000 4.875 per cent. Fixed Rate Undated Tier 2 Notes

Issued by

# **PRUDENTIAL PLC**

Issue Price: 100%

The date of the Final Terms is 20 October 2017.

## 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 24 May, 2017 (the “**Prospectus**”) as supplemented by the supplement to it dated 21 August, 2017 which together constitute a base prospectus for the purposes of Directive 2003/71/EC (as amended) (the “**Prospectus Directive**”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus as so supplemented. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus as so supplemented. A summary of the Notes (which comprises the summary in the Prospectus as amended to reflect the provisions of these Final Terms) is annexed to these Final Terms. The Prospectus and the supplement has 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.

**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: 37
  - (ii) Tranche Number: 1
  - (iii) Date on which the Notes will be consolidated and form a single Series: Not Applicable
2. Specified Currency: United States Dollars (“**USD**”)
3. Aggregate Nominal Amount of Notes
  - Tranche: USD 750,000,000
  - Series: USD 750,000,000
4. Issue Price of Tranche: 100 per cent. of the Aggregate Nominal Amount
5.
  - (i) Specified Denomination(s): USD 200,000 and integral multiples of USD 1,000 in excess thereof
  - (ii) Calculation Amount: USD 1,000

6.	(i)	Issue Date and Interest Commencement Date:	24 October 2017
	(ii)	Interest Commencement Date (if different from the Issue Date):	Not Applicable
7.		Maturity Date (to be no earlier than the tenth anniversary of the Issue Date):	Undated
8.		Interest Basis:	4.875 per cent. Fixed Rate
9.		Redemption/Payment Basis:	Redemption at par
10.		Change of Interest Basis or Redemption/Payment Basis:	Not Applicable
11.		Call Options:	Issuer Call
12.	(i)	Status of the Notes:	Undated Tier 2 Notes
	(ii)	Date of Board/Committee approval for issuance of Notes obtained:	27 June 2017 and 10 October 2017 respectively

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

13.		Fixed Rate Note Provisions	Applicable
	(i)	Rate(s) of Interest:	4.875 per cent. per annum payable in arrear on each Interest Payment Date
	(ii)	Interest Payment Date(s):	20 January, 20 April, 20 July and 20 October in each year up to and including the Maturity Date, commencing on 20 January 2018
	(iii)	Fixed Coupon Amount(s):	USD 12.188 per Calculation Amount
	(iv)	Broken Amount(s):	USD 11.646 per Calculation Amount, payable on the Interest Payment Date falling on 20 January 2018
	(v)	Day Count Fraction:	30/360

	(vi)	Determination Date(s):	Not Applicable
	(vii)	Deferral of Interest:	Optional Interest Deferral
	(viii)	Dividend and Capital Restriction:	Applicable
14.		Reset Note Provisions:	Not Applicable
15.		Floating Rate Note Provisions:	Not Applicable
16.		Step-Up Rate of Interest:	Not Applicable

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

17.	(a)	Issuer Call:	Applicable
	(i)	Optional Redemption Date(s):	First Interest Payment Date falling after the fifth anniversary of the Issue Date and each Interest Payment Date thereafter
	(ii)	Optional Redemption Amount(s):	USD 1,000 per Calculation Amount
	(iii)	If redemption in part:	Not Applicable
	(b)	Tax Event Redemption:	Not Applicable
	(c)	Tax Event Redemption and Refinancing Option:	Applicable
	(d)	Regulatory Event Redemption:	Not Applicable
	(e)	Regulatory Event Redemption and Regulatory Event Refinancing Option:	Applicable
	(f)	Rating Event Redemption:	Applicable
18.		Final Redemption Amount:	USD 1,000 per Calculation Amount
19.		Early Redemption Amount(s) payable on redemption for taxation reasons (where applicable) or on event of	USD 1,000 per Calculation Amount



## **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 24 October 2017.
- (ii) Estimate of total expenses relating to admission to trading: £3,650

### **2. RATINGS**

The Notes to be issued are expected to be assigned the following ratings:

A3 by Moody's Investors Service Ltd

A- by Standard & Poor's Credit Market Services Europe Limited

BBB+ by Fitch Ratings Limited

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

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

### **4. YIELD**

Indication of yield: 4.875 per cent.

### **5. OPERATIONAL INFORMATION**

ISIN Code: XS1700429480

Common Code: 170042948

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

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

6. **THIRD PARTY INFORMATION**

Not Applicable

7. **GENERAL**

Applicable TEFRA exemption: D Rules

144A Eligible: Not 144A Eligible

Prohibition of Sales to EEA Retail Investors: Not Applicable

Notes intended to be Qualifying Debt Securities for the purposes of the Income Tax Act, Chapter 134 of Singapore: Yes

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

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

### Section A- Introduction and Warnings

#### Element

- A.1**
- **This summary should be read as an introduction to the Prospectus, as supplemented by the supplement to it dated 21 August, 2017, and the applicable Final Terms.**
  - **Any decision to invest in the Notes should be based on consideration of the Prospectus (as supplemented) as a whole, including any documents incorporated by reference and the applicable Final Terms.**
  - **Where a claim relating to the information contained in the Prospectus (as supplemented) 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 (as supplemented) before the legal proceedings are initiated.**
  - **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 (as supplemented) 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 (as supplemented), key information in order to aid investors when considering whether to invest in the Notes.**

- A.2** 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.

***Issue specific summary:***

Not Applicable; the Notes are issued in denominations of at least €100,000 (or its equivalent in any other currency).



## Section B - Issuer

Element	Title	
<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 plc.
<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 "<b>Prudential Group</b>" or the "<b>Group</b>") and its assets substantially comprise shares in and loans advanced to such companies. It does not conduct any other business and is accordingly dependent on the other members of the Prudential Group and revenues received from them.</p> <p>The Prudential Group is an international financial services group with significant operations in Asia, the United States and the United Kingdom.</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, 2015 or the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December, 2016.
<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 and as at the six months ended 30 June, 2016 and 30 June, 2017 and the years ended 31 December, 2015 and 31 December 2016. The information has been derived from the Issuer's unaudited consolidated half year financial statements and the Issuer's audited consolidated financial statements audited by KPMG LLP.

<b>Unaudited Consolidated Half Year Financial Statements</b>	<b>Half Year ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
<b>Statutory IFRS basis results</b>		
Profit after tax attributable to equity holders of the Company .....	<b>£1,505m</b>	<b>£687m</b>
Basic earnings per share .....	<b>58.7p</b>	<b>26.9p</b>
Shareholders' equity, excluding noncontrolling interests.....	<b>£15.4bn</b>	<b>£14.6bn</b>
<b>Supplementary IFRS basis information</b>		
Operating profit based on longer-term investment returns.....	<b>£2,358m</b>	<b>£2,044m</b>
Short-term fluctuations in investment returns on shareholder-backed business.....	<b>£(573)m</b>	<b>£(1,385)m</b>
Amortisation of acquisition accounting adjustments.....	<b>£(32)m</b>	<b>£(35)m</b>
Cumulative exchange gain on the sold Korea life business recycled from other comprehensive income.....	<b>£61m</b>	<b>-</b>
Profit attaching to the held for sale Korea life business	<b>-</b>	<b>£40m</b>
Profit before tax attributable to shareholders	<b>£1,814m</b>	<b>£664m</b>
Operating earnings per share (reflecting operating profit based on longer-term investment return).....	<b>70.0p</b>	<b>61.3p</b>
Dividends per share paid in reporting period:		
Second interim ordinary dividend for prior year.....	<b>30.57p</b>	<b>26.47p</b>
Special dividend for prior year.....	<b>-</b>	<b>10.00p</b>
Dividends per share relating to reporting period.....	<b>14.50p</b>	<b>12.93p</b>
Funds under management.....	<b>£634.9bn</b>	<b>£562.3bn</b>
<b>Audited Consolidated Financial Statements</b>		
	<b>Year ended 31 December</b>	
	<b>2016</b>	<b>2015</b>
	<b>£ million</b>	
<b>Statutory IFRS basis results</b>		
Gross premiums earned .....	<b>38,981</b>	<b>36,663</b>
Outward reinsurance premiums.....	<b>(2,020)</b>	<b>(1,157)</b>
Earned premiums, net of reinsurance .....	<b>36,961</b>	<b>35,506</b>
Investment return.....	<b>32,511</b>	<b>3,304</b>
Other income.....	<b>2,370</b>	<b>2,495</b>
Total revenue, net of reinsurance .....	<b>71,842</b>	<b>41,305</b>
Profit before tax attributable to shareholders.....	<b>2,275</b>	<b>3,148</b>
Tax charge attributable to shareholders' returns.....	<b>(354)</b>	<b>(569)</b>
Profit after tax attributable to equity holders of the Issuer.....	<b>1,921</b>	<b>2,579</b>

## Supplementary IFRS basis information

Operating profit based on longer-term investment returns:

Asia operations* .....	<b>1,644</b>	<b>1,286</b>
US operations.....	<b>2,048</b>	<b>1,702</b>
UK operations.....	<b>1,280</b>	<b>1,656</b>
Other income and expenditure.....	<b>(693)</b>	<b>(617)</b>
Solvency II implementation costs.....	<b>(28)</b>	<b>(43)</b>
Restructuring costs.....	<b>(38)</b>	<b>(15)</b>
Interest received from tax settlement .....	<b>43</b>	<b>-</b>
Operating profit based on longer-term investment returns....	<b>4,256</b>	<b>3,969</b>
Short-term fluctuations in investment returns on shareholder-backed business.....	<b>(1,678)</b>	<b>(755)</b>
Amortisation of acquisition accounting adjustments .....	<b>(76)</b>	<b>(76)</b>
(Loss) profit attaching to the held for sale Korea life business*	<b>(227)</b>	<b>56</b>
Cumulative exchange loss on the sold Japan life business recycled from other comprehensive income.....	<b>-</b>	<b>(46)</b>
Profit before tax attributable to shareholders.....	<b>2,275</b>	<b>3,148</b>
Operating earnings per share (reflecting operating profit based on longer-term investment return).....	<b>131.3p</b>	<b>124.6p</b>

\* To facilitate future comparisons of operating profit based on longer-term investment returns that reflect the Group's retained operations, the results attributable to the held for sale Korea life business have been included separately within the supplementary analysis above.

	<b>Year Ended 31 December</b>	
	<b>2016</b>	<b>2015</b>
Basic earnings per share .....	<b>75.0p</b>	<b>101.0p</b>
Shareholders' equity, excluding non-controlling interests.....	<b>£14.7bn</b>	<b>£13.0bn</b>
Dividends per share declared and paid in reporting period:		
Interim ordinary dividend / final ordinary dividend .....	<b>39.40p</b>	<b>38.05p</b>
Special dividend .....	<b>10.00p</b>	<b>-</b>
Dividends per share relating to reporting period:		
Interim ordinary dividend .....	<b>43.50p</b>	<b>38.78p</b>
Special dividend .....	<b>-</b>	<b>10.00p</b>
Funds under management.....	<b>£599.3bn</b>	<b>£508.6bn</b>

The Issuer prepared the above accounts in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union ("EU").

### *Statements of no significant or material adverse change*

There has been no significant change in the financial or trading position of the Issuer and its subsidiaries as a whole since 30 June, 2017.

There has been no material adverse change in the prospects of the Issuer and its subsidiaries as a whole since 31 December, 2016.

**B.13** 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.14** Description of the Group and the Issuer's position within the Group plus dependence upon other Group entities

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.

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.

**B.15** Issuer's principal activities

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.

The Prudential Group is an international financial services group, with significant operations in Asia, the United States and the United Kingdom. The Prudential Group is structured around four main business units, which are supported by central functions responsible for strategy, cash and capital management, leadership development and succession, reputation management and other core group functions.

**B.16** 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

Prudential plc is not aware of any person or persons who does or could, directly or indirectly, jointly or severally, exercise control over Prudential plc.

**B.17** Credit ratings assigned to the Issuer or its debt securities at the request or with the cooperation of the Issuer in the rating process

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 & Poor's Credit Market Services Europe Limited ("**Standard & 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 A- (Tier 2 Notes) by Standard & Poor's, and A (Senior Notes) and BBB+ (subordinated debt) by Fitch.

Each of Moody's, Standard & Poor's and Fitch is established in the European Union and is registered under the CRA Regulation.

***Issue specific summary:***

The Notes are expected to be rated A3 by Moody's, A- by Standard & Poor's and BBB+ by Fitch. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

## Section C - Securities

Element	Title	
C.1	Description of type and class of the Notes, including any ISIN	<p>The Notes described in this section are debt securities with a denomination of less than €100,000 (or its equivalent in any other currency) or at least €100,000 (or its equivalent in any other currency). The Notes may be Fixed Rate Notes, Floating Rate Notes, Reset Notes, Zero Coupon Notes or a combination of the foregoing.</p> <p><b>Issue specific summary:</b></p> <p>The Notes are USD 750,000,000 4.875 per cent. Fixed Rate Undated Tier 2 Notes.</p> <p>The Notes have a Specified Denomination of USD 200,000 and integral multiples of USD 1,000 in excess thereof. International Securities Identification Number (ISIN): XS1700429480.</p>
C.2	Currency of the Notes	<p>Subject to compliance with all applicable laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealer at the time of issue.</p> <p><b>Issue specific summary:</b></p> <p>The currency of this Series of Notes is US dollars (“<b>USD</b>”).</p>
C.5	Restrictions on the free transferability of the Notes	<p>There are no restrictions on the free transferability of the Notes.</p>
C.8	Description of the rights attached to the Notes, including ranking and limitations to those rights	<p>Notes issued under the Programme will have terms and conditions relating to, among other matters:</p> <p><b>Payments of interest and repayment of principal:</b></p> <p>Other than Zero Coupon Notes, all Notes confer on a holder thereof (a “<b>Holder</b>”) the right to receive interest in respect of each period for which Notes remain outstanding. All Notes confer on a Holder the right to receive repayment of principal on redemption. See below under C.9 for further details.</p> <p><b>Ranking:</b></p> <p><b>Issue specific summary:</b></p> <p>The Tier 2 Notes will constitute direct, unsecured and subordinated obligations of the Issuer and will rank <i>pari passu</i> without preference among themselves. The rights of the Holders of the Tier 2 Notes against the Issuer to payment of any amounts under or arising from the Notes will, in the event of the winding-up of the Issuer, be subordinated to the claims of all Senior Creditors.</p> <p>For these purposes, Senior Creditors means any creditors of the Issuer who are unsubordinated creditors of the Issuer (including all policyholders (and including, for the avoidance of doubt, all policyholder claims)).</p> <p><b>Negative pledge:</b></p> <p><b>Issue specific summary:</b></p> <p>The Tier 2 Notes do not contain a negative pledge.</p> <p><b>Taxation:</b></p> <p>Payments in respect of all Notes will be made without withholding or</p>

deduction of taxes of the United Kingdom, subject to customary exceptions.

**Events of Default and Default:**

***Issue specific summary:***

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.

**Meetings:**

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.

**Governing law:**

English law

**C.9**

Description of the rights attached to the Notes, including nominal interest rate, the date from which interest becomes payable and interest payment dates, description of the underlying (where the rate is not fixed), maturity date, repayment provisions, indication of yield and name of the representative of the holders

**Interest periods and Rates of Interest:**

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.

**Interest:**

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.

***Issue specific summary:***

The Tier 2 Notes bear interest from their date of issue at the fixed rate of 4.875 per cent. per annum payable quarterly in arrear on 20 January, 20 April, 20 July and 20 October in each year, commencing on 20 January 2018.

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.

**Deferral of Interest:**

***Issue specific summary:***

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 any payment of interest on any Interest Payment Date which is not a Compulsory Interest Payment Date at its sole discretion, provided that the Issuer may not give such notice if, at the time such notice is proposed to

be given, a Regulatory Event has occurred and has been subsisting at such time for a continuous period of 180 days or more. Any payments of interest not made for one or more of the reasons set out above will, so long as they remain unpaid, constitute Arrears of Interest. No interest will accrue on Arrears of Interest. At the option of the Issuer, but subject to satisfying the Solvency Condition, the Solvency Capital Requirement and the Minimum Capital Requirement at the time of such payment and immediately thereafter unless otherwise permitted by the PRA, Arrears of Interest may be settled by the Issuer at any time and shall otherwise become payable on redemption of the Tier 2 Notes or, on purchase of the Tier 2 Notes by or on behalf of the Issuer or upon commencement of the winding-up of the Issuer.

**Redemption:**

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.

**Issue specific summary:**

The Tier 2 Notes may, at the Issuer's election, be redeemed early on the first Interest Payment Date falling after the fifth anniversary of the Issue Date and each Interest Payment Date thereafter at 100 per cent. of their nominal amount.

The Tier 2 Notes may, at the Issuer's election, be redeemed early at 100 per cent. of their nominal amount and the Notes may, at the Issuer's election, be substituted for, or varied so that they are treated as, Qualifying Tier 2 Capital for regulatory or tax reasons.

The Tier 2 Notes may, at the Issuer's election be redeemed early at 100 per cent. of their nominal amount upon the occurrence of a Rating Event.

The Issuer and its Subsidiaries may at any time purchase Tier 2 Notes at any price in the open market or otherwise.

Except as otherwise indicated to the Issuer by the PRA, any redemption, variation, substitution, conversion or purchase is subject to the Issuer having given prior notice to the PRA and, to the extent required by the capital regulations applicable to the Issuer, the PRA having given its prior approval or consented in the form of a waiver or otherwise to such redemption, variation, substitution, conversion or purchase.

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.

**Representative of holders:**

The Law Debenture Trust Corporation p.l.c. (the "**Trustee**") will act as trustee for the holders of Notes.

**Indication of yield:**

Indication of yield: 4.875 per cent. per annum

**C.10**

If the Note has a derivative component

Not Applicable. Payments of interest on the Notes shall not involve any

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.

derivative component.

**C.11**

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

**Listing:**

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.

**Issue specific summary:**

Application has been made by the Issuer (or on its behalf) for the Notes to be listed on the Official List of the UKLA and admitted to trading on the Main Market of the London Stock Exchange with effect from 24 October 2017.

**Distribution:**

The Tier 2 Notes are not being offered to the public in any Member State.

**C.21**

Indication of the market where the Notes will be traded and for which the Prospectus has been published

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.

**Issue specific summary:**

Application has been made by the Issuer (or on its behalf) for the Notes to be listed on the Official List of the UKLA and admitted to trading on the Main Market of the London Stock Exchange with effect from 24 October 2017.



## Section D- Risks

Element	Title
D.2	<p>Key information on the key risks that are specific to the Issuer or its industry</p> <ul style="list-style-type: none"><li>• The Issuer's businesses are inherently subject to market fluctuations and general economic conditions. Uncertainty or negative trends in international economic and investment climates could adversely affect the Issuer's business and profitability. In particular, the adverse effect of such factors would be felt in the future principally through: (a) investment impairments and/or 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, 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>• 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><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>

- 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 and capital controls), regulation or regulatory interpretation applying to companies in the financial services and insurance industries in any of the markets in which the Group operates, and 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 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. In addition, there could be changes to the maximum level of non-domestic ownership by foreign companies in certain jurisdictions. Furthermore, as a result of the interventions by governments in response to recent financial and global economic conditions, it is widely expected that there will continue to be a substantial increase 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.
- 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. 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.
- 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.
- 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

its long-term business operations. If actual levels are significantly different to assumed levels, the Issuer's results of operations could be adversely affected.

### D.3

Key information on the key risks that are specific to the Notes

#### **Issue specific summary:**

- 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.
- 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.
- 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.
- 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)).
- 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 any payment of interest on any Interest Payment Date which is not a Compulsory Interest Payment Date at its sole discretion, provided that the Issuer may not give such notice if, at the time such notice is proposed to be given, a Regulatory Event has occurred and has been subsisting at such time for a continuous period of 180 days or more.
- Any 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.
- 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

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.

- The Tier 2 Notes may be redeemed early or substituted in the circumstances set out below. There is a risk that these optional redemption or substitution features may limit the market value of the Tier 2 Notes or that the Tier 2 Notes may be redeemed at a time when an investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Tier 2 Notes being redeemed.
- The Tier 2 Notes may, at the Issuer's election, be redeemed early on the first Interest Payment Date falling after the fifth anniversary of the Issue Date and each Interest Payment Date thereafter at 100 per cent of their nominal amount, as specified in the applicable Final Terms.
- The Tier 2 Notes may, at the Issuer's election, be redeemed early at 100 per cent. of their nominal amount and the Notes may, at the Issuer's election, be substituted for, or varied so that they are treated as, Qualifying Tier 2 Capital for regulatory or tax reasons.
- The Tier 2 Notes may, at the Issuer's election be redeemed early at 100 per cent. of their nominal amount upon the occurrence of a Rating Event.

## Section E- Offer

Element	Title	
E.2b	Reasons for the offer and use of proceeds when different from making profit and/or hedging certain risks	<p>The net proceeds from each issue of Notes may be applied by the Issuer for its general corporate purposes, which include making a profit, or may be applied for particular uses, as determined by the Issuer.</p> <p><b>Issue specific summary:</b></p> <p>The net proceeds from the issue of the Notes will be applied by the Issuer for its general corporate purposes, which include making a profit.</p>
E.3	A description of the terms and conditions of the offer	<p>Not Applicable: the Notes may only be offered in circumstances where there is an exemption from the obligation under the Prospectus Directive to publish a prospectus in relation to the relevant offer.</p> <p><b>Issue specific summary:</b></p> <p>Not Applicable. The Notes are in denominations of at least €100,000 (or its equivalent in any other currency).</p>
E.4	A description of any interest that is material to the issue/offer including conflicting interests	<p>The relevant Dealers may be paid fees in relation to any issue of Notes under the Programme.</p> <p><b>Issue specific summary:</b></p> <p>The Joint Lead Managers will be paid aggregate commissions equal to 1.125 per cent. of the nominal amount of the Notes. Any Joint Lead Manager and its affiliates may also have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.</p>
E.7	Estimated expenses charged to the investor by the Issuer	<p>The Issuer will not charge any expenses to investors in connection with any issue of Notes.</p> <p><b>Issue specific summary:</b></p> <p>Not Applicable. No expenses are being charged to investors by the Issuer.</p>