

FINAL TERMS OF THE NOTES



PRUDENTIAL PLC

£6,000,000,000

Medium Term Note Programme

Series No: 35

Tranche No: 1

USD 1,000,000,000 5.25 per cent. Fixed Rate Undated Tier 2 Notes

Issued by

PRUDENTIAL PLC

Issue Price: 100%

The date of the Final Terms is 3 June 2016.

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 16 May 2016 (the "Prospectus") which constitutes 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. 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 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.

1.
 - (i) Series Number: 35
 - (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: 1,000,000,000
 - Series: 1,000,000,000
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: 7 June 2016
 - (ii) Interest Commencement Date (if different from the Issue Date): Not Applicable

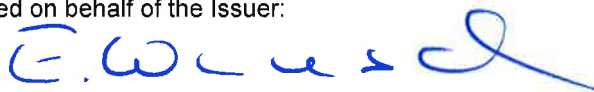
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| 7. | Maturity Date (to be no earlier than the tenth anniversary of the Issue Date); | Undated |
| 8. | Interest Basis: | 5.25 per cent. Fixed Rate |
| 9. | Redemption/Payment Basis: | Redemption at par |
| 10. | Change of Interest Basis or Redemption/Payment 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: | 18 May 2016 and 29 May 2016 respectively |
| 13. | Fixed Rate Note Provisions | Applicable |
| | (i) Rate(s) of Interest: | 5.25 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, commencing on 20 July 2016 |
| | (iii) Fixed Coupon Amount(s): | USD 13.125 per Calculation Amount |
| | (iv) Broken Amount(s): | USD 6.271 per Calculation Amount, payable on the Interest Payment Date falling on 20 July 2016 |
| | (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 |

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| 15. | Floating Rate Note Provisions: | Not Applicable |
| 16. | Step-Up Rate of Interest: | Not Applicable |
| 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 |
| | (a) Minimum Redemption Amount: | Not Applicable |
| | (b) Higher Redemption Amount: | 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 default: | USD 1,000 per Calculation Amount |

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| 20. | Make Whole Redemption Price: | Not Applicable |
| 21. | Form of Notes: | |
| | (i) Form: | Bearer Notes: Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon an Exchange Event |
| | (ii) New Global Note: | No |
| 22. | Additional Financial Centre(s): | Not Applicable |
| 23. | Talons for future Coupons to be attached to Definitive Notes: | Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made |

Signed on behalf of the Issuer:

By:



Duly Authorised

Elisabeth Wenusch

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- | | | |
|------|--------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (i) | Listing and admission to trading: | Application has been made by the Issuer (or on its behalf) for the Notes to be listed on the Official List of the UK Listing Authority and admitted to trading on the London Stock Exchange's Regulated Market with effect from 7 June 2016. |
| (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:

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

A3 by Moody's Investors Service Ltd

BBB+ by Fitch Ratings Limited

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

Save for any fees payable to the 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 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

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| Indication of yield: | 5.25 per cent. |
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5. OPERATIONAL INFORMATION

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| ISIN Code: | XS1426796477 |
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| | |
|--------------|-----------|
| Common Code: | 142679647 |
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| 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 |
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Names and addresses of Not Applicable
additional Paying Agent(s) (if
any):

6. **THIRD PARTY INFORMATION**

Not Applicable

7. **GENERAL**

Applicable TEFRA exemption: D Rules

144A Eligible: Not 144A Eligible

ANNEX TO THE FINAL TERMS – SUMMARY OF THE ISSUE

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

| Section A – Introduction and Warnings | |
|---------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Element | |
| A.1 | <ul style="list-style-type: none"> • This summary should be read as an introduction to the Prospectus and the applicable Final Terms. • 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. • 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. • 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. |
| A.2 | <p>Not Applicable: certain Tranches of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) may be offered but only in circumstances where there is an exemption from the obligation under the Prospectus Directive to publish a prospectus in relation to the relevant offer.</p> <p><i>Issue specific summary:</i></p> <p>Not Applicable; the Notes are issued in denominations of at least €100,000 (or its equivalent in any other currency).</p> |

| Section B – Issuer | | |
|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Element | Title | |
| B.1 | Legal and commercial name of the Issuer | Prudential plc. |
| B.2 | Domicile and legal form of the Issuer, legislation under which the Issuer operates and country of incorporation | The Issuer was incorporated in England and Wales as a private company limited by shares on 1 November, 1978 and re-registered as a public company limited by shares under the Companies Acts 1948 to 1980 on 20 January, 1982. On 1 October, 1999, it changed its name to Prudential public limited company. |
| B.4b | Known trends affecting the Issuer and its industry | Not Applicable. There are no particular trends indicated by Prudential plc. |
| B.5 | Description of the Group and the Issuer's position within the Group | <p>The Issuer is the holding company of all the companies in the Prudential group (the "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 significant operations in Asia, the United States and the United Kingdom.</p> |
| B.9 | 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.10 | 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, 2014 or the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December, 2015. |
| B.12 | Selected historical key financial information regarding the Issuer plus a statement that there has been no material adverse change in the prospects of the Issuer since the date of its last audited financial statements or a description of any material adverse change and a description of significant changes in the financial or trading position subsequent to the period covered by the historical financial information | The following tables present the profit and loss account and balance sheet data for and as at the years ended 31 December, 2015 and 31 December, 2014. The information has been derived from the Issuer's audited consolidated financial statements audited by KPMG LLP. |

| | Audited Consolidated Financial Statements | Year ended 31 December | |
|--|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-------------|
| | | 2015 | 2014 |
| | | £ million | |
| | Statutory IFRS basis results | | |
| | Gross premiums earned | 36,663 | 32,832 |
| | Outward reinsurance premiums | (1,157) | (799) |
| | Earned premiums, net of reinsurance | 35,506 | 32,033 |
| | Investment return | 3,304 | 25,787 |
| | Other income | 2,495 | 2,306 |
| | Total revenue, net of reinsurance | 41,305 | 60,126 |
| | Profit before tax attributable to shareholders | 3,148 | 2,614 |
| | Tax charge attributable to shareholders' returns | (569) | (398) |
| | Profit after tax attributable to equity holders of the Issuer | 2,579 | 2,216 |
| | Supplementary IFRS basis information | | |
| | Operating profit based on longer-term investment returns: | | |
| | Asia operations | 1,324 | 1,140 |
| | US operations | 1,702 | 1,443 |
| | UK operations* | 1,656 | 1,241 |
| | Other income and expenditure | (617) | (619) |
| | Solvency II implementation costs | (43) | (28) |
| | Restructuring costs | (15) | (14) |
| | Results of the sold PruHealth and PruProtect businesses* | - | 23 |
| | Operating profit based on longer-term investment returns | 4,007 | 3,186 |
| | Short-term fluctuations in investment returns on shareholder-backed business | (737) | (574) |
| | Amortisation of acquisition accounting adjustments | (76) | (79) |
| | Gain on sale of PruHealth and PruProtect | - | 86 |
| | Cumulative exchange loss on the sold Japan life business | (46) | - |
| | Costs of domestication of Hong Kong branch | - | (5) |
| | Profit before tax attributable to shareholders | 3,148 | 2,614 |
| | Operating earnings per share (reflecting operating profit based on longer-term investment return) | 125.8p | 96.6p |
| | * In order to show the UK long-term business on a comparable basis, the 2014 comparative results exclude the contribution from the sold PruHealth and PruProtect businesses. | | |

| | | Year Ended 31 December | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|------------------------|----------|
| | | 2015 | 2014 |
| | Basic earnings per share | 101.0p | 86.9p |
| | Shareholders' equity, excluding non-controlling interests | £13.0bn | £11.8bn |
| | Dividends per share declared and paid in reporting period | 38.05p | 35.03p |
| | Dividends per share relating to reporting period: | | |
| | Ordinary dividend per share relating to the reporting year | 38.78p | 36.93p |
| | Special dividend per share | 10.00p | - |
| | Funds under management | £508.6bn | £495.9bn |
| <p>The Issuer prepared the above accounts in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union ("EU").</p> <p><i>Statements of no significant or material adverse change</i></p> <p>There has been no significant change in the financial or trading position of the Issuer and its subsidiaries as a whole since 31 December, 2015.</p> <p>There has been no material adverse change in the prospects of the Issuer and its subsidiaries as a whole since 31 December, 2015.</p> | | | |

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| 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 | <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.15 | 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 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.</p> |
| 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 | <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 & 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.</p> <p>Each of Moody's, Standard & Poor's and Fitch is established in the European Union and is registered under the CRA Regulation.</p> <p>Issue specific summary:</p> <p>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.</p> |

| Section C - Securities | | |
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| 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>Issue specific summary:</p> <p>The Notes are USD1,000,000,000 5.25 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): XS1426796477.</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>Issue specific summary:</p> <p>The currency of this Series of Notes is US dollars ("USD").</p> |
| C.5 | Restrictions on the free transferability of the Notes | There are no restrictions on the free transferability of the Notes. |
| 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>Payments of interest and repayment of principal:</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>Ranking:</p> <p>Issue specific summary:</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>Negative pledge:</p> <p>Issue specific summary:</p> <p>The Tier 2 Notes do not contain a negative pledge.</p> |

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| | | <p>Taxation:</p> <p>Payments in respect of all Notes will be made without withholding or deduction of taxes of the United Kingdom, subject to customary exceptions.</p> <p>Events of Default and Default:</p> <p>Issue specific summary:</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>Meetings:</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>Governing law:</p> <p>English law</p> |
| C.9 | <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>Interest periods and Rates of Interest:</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>Interest:</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>Issue specific summary:</p> <p>The Tier 2 Notes bear interest from their date of issue at the fixed rate of 5.25 per cent. per annum payable quarterly in arrear on 20 January, 20 April, 20 July and 20 October in each year.</p> <p>Payments of interest under the Tier 2 Notes are conditional on (i) the Issuer satisfying the Solvency Condition both at the time of payment and immediately thereafter and (ii) both the Solvency Capital Requirement and the Minimum Capital Requirement being met both at the time of payment and immediately thereafter.</p> <p>Deferral of Interest:</p> <p>Issue specific summary:</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. In addition, the Issuer may elect to defer the payment of interest on the Notes on any Interest Payment Date which is not a Compulsory Interest Payment Date at its sole discretion. Any</p> |

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| | | <p>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 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>Redemption:</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>Issue specific summary:</p> <p>The Tier 2 Notes may, at the Issuer's election, be redeemed early on the Interest Payment Date falling on 20 July 2021 (being 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.</p> <p>The Tier 2 Notes may, at the Issuer's election, be redeemed early at 100 per cent. of their nominal amount and the Notes may, at the Issuer's election, be substituted for, or varied so that they are treated as, Qualifying Tier 2 Capital for regulatory or tax reasons.</p> <p>The Tier 2 Notes may, at the Issuer's election, be redeemed early at 100 per cent. of their nominal amount upon the occurrence of a Rating Event.</p> <p>The Issuer and its Subsidiaries may at any time purchase Tier 2 Notes at any price in the open market or otherwise.</p> <p>Except as otherwise indicated to the Issuer by the PRA, any redemption, variation, substitution, conversion or purchase is subject to the Issuer having given prior notice to the PRA and, to the extent required by the capital regulations applicable to the Issuer, the PRA having given its prior approval or consented in the form of a waiver or otherwise to such redemption, variation, substitution, conversion or purchase.</p> <p>Any redemption or purchase of the Tier 2 Notes may only be effected if on, and immediately following, the proposed Redemption Date, the Issuer is in compliance with the Regulatory Capital Requirement and the Solvency Condition, the Solvency Capital Requirement and the Minimum Capital Requirement is 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>Representative of holders:</p> <p>The Law Debenture Trust Corporation p.l.c. (the "Trustee") will act as trustee for the holders of Notes.</p> <p>Indication of yield:</p> <p>Indication of yield: 5.25 per cent. per annum.</p> |
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| C.10 | 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. | Not Applicable. Payments of interest on the Notes shall not involve any 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 | <p>Listing:</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>Issue specific summary:</p> <p>Application has been made by the Issuer (or on its behalf) for the Notes to be listed on the Official List of the UKLA and admitted to trading on the Main Market of the London Stock Exchange with effect from 7 June 2016.</p> <p>Distribution:</p> <p>The Tier 2 Notes are not being offered to the public in any Member State.</p> |
| C.21 | Indication of the market where the Notes will be traded and for which the Prospectus has been published | <p>Each Series will be admitted to the Official List of the UKLA and admitted to trading on the Main Market of the London Stock Exchange.</p> <p>Issue specific summary:</p> <p>Application has been made by the Issuer (or on its behalf) for the Notes to be listed on the Official List of the UKLA and admitted to trading on the Main Market of the London Stock Exchange with effect from 7 June 2016.</p> |

| Section D – Risks | | |
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| Element | Title | |
| D.2 | Key information on the key risks that are specific to the Issuer or its industry | <ul style="list-style-type: none"> • 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. • 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. • 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. |

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| | | <ul style="list-style-type: none"> • 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, 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, 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 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. |
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| | | <ul style="list-style-type: none"> 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. |
| D.3 | Key information on the key risks that are specific to the Notes | <p>Issue specific summary:</p> <ul style="list-style-type: none"> 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 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. In addition, the Issuer may elect to defer the payment of interest on the Notes on any Interest Payment Date which is not a Compulsory Interest Payment Date at its sole discretion. |

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| | | <ul style="list-style-type: none"> 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 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. 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. |
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| Section E – Offer | | |
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| 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>Issue specific summary:</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>Issue specific summary:</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>Issue specific summary:</p> <p>The Joint Lead Managers will be paid aggregate commissions equal to 1.25 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>Issue specific summary:</p> <p>Not Applicable. No expenses are being charged to investors by the Issuer.</p> |