

FINAL TERMS



PRUDENTIAL PLC

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

£5,000,000,000

Medium Term Note Programme

Series No: 26

Tranche No: 1

U.S.\$700,000,000 5.25 per cent Tier 1 Notes

Issued by

PRUDENTIAL PLC

Issue Price: 100%

The date of the Final Terms is 11 January 2013.

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 19 December 2012 (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.

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|-----|--|---|
| 1. | (i) Series Number: | 26 |
| | (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 (“U.S.\$”) |
| 3. | Aggregate Nominal Amount of Notes | |
| | — Tranche: | U.S.\$700,000,000 |
| | — Series: | U.S.\$700,000,000 |
| 4. | Issue Price of Tranche: | 100 per cent of the Aggregate Nominal Amount |
| 5. | (i) Specified Denomination(s): | U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof |
| | (ii) Calculation Amount: | U.S.\$1,000 |
| 6. | (i) Issue Date and Interest Commencement Date: | 15 January 2013 |
| 7. | Maturity Date: | The Notes are perpetual securities and have no maturity date |
| 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. | Put/Call Options: | Issuer Call |

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|-----|------|--|--|
| 12. | (i) | Status of the Notes: | Tier 1 Notes |
| | (ii) | Date of Board and Committee approval for issuance of Notes obtained: | 1 November 2012 and 20 November 2012, respectively |

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

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|-----|--------------------------------|-----------------------------------|---|
| 13. | Fixed Rate Note Provisions | | Applicable |
| | (i) | Rate(s) of Interest: | 5.25 per cent per annum payable quarterly in arrear on each Interest Payment Date |
| | (ii) | Interest Payment Date(s): | 23 March, 23 June, 23 September and 23 December in each year, commencing on 23 March 2013.

There will be a short first coupon in respect of the period from, and including, the Interest Commencement Date to, but excluding, 23 March 2013. |
| | (iii) | Fixed Coupon Amount(s): | U.S.\$13.13 per Calculation Amount |
| | (iv) | Broken Amount(s): | U.S.\$9.92 per Calculation Amount, payable on the Interest Payment Date falling on 23 March 2013 |
| | (v) | Day Count Fraction: | 30/360 |
| | (vi) | Determination Date(s): | Not Applicable |
| | (vii) | Deferral of Interest: | Option B Notes |
| | (viii) | ACSM: | Applicable |
| | (ix) | Dividend and Capital Restriction: | Applicable |
| 14. | Reset Note Provisions: | | Not Applicable |
| 15. | Floating Rate Note Provisions: | | Not Applicable |
| 16. | Zero Coupon Notes Provisions | | Not Applicable |
| 17. | Step-Up Rate of Interest | | Not Applicable |

PROVISIONS RELATING TO REDEMPTION

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|-----|-------|--------------------------------|---|
| 18. | (a) | Issuer Call: | Applicable |
| | (i) | Optional Redemption Date(s): | 23 March 2018 or any Interest Payment Date thereafter |
| | (ii) | Optional Redemption Amount(s): | U.S.\$1,000 per Calculation Amount |
| | (iii) | If redeemable in part: | Not Applicable – redeemable in whole only |

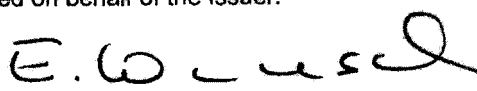
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| (b) | Regulatory Event Redemption: | Not Applicable |
| (c) | Regulatory Event Redemption and
Regulatory Event Refinancing
Option: | Applicable |
| (d) | Solvency II Regulatory Event
Redemption: | Applicable |
| (e) | Issuer Call due to a Tax Event: | Applicable |
| (f) | Issuer Call due to a Tax Call Event: | Applicable |
| (g) | Issuer Exchange Option: | Applicable |
| 19. | Investor Put: | Not Applicable |
| 20. | Final Redemption Amount: | Not Applicable |
| 21. | Early Redemption Amount(s) payable on
redemption for taxation reasons (where
applicable) or on event of default: | Not Applicable |
| 22. | Make Whole Redemption Price: | Not Applicable |

GENERAL PROVISIONS APPLICABLE TO THE NOTES

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| 23. | Form of Notes: | |
| | (i) Form: | Registered Notes:

Regulation S Global Note registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg exchangeable for Definitive Registered Notes only upon the occurrence of an Exchange Event. |
| | (ii) New Global Note: | No |
| 24. | Additional Financial Centre(s): | Not Applicable |
| 25. | 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:  **Elisabeth Wenusch**
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 the Issue Date.
- (ii) Estimate of total expenses relating to admission to trading: GBP3,600

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
Baa1 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.

4. YIELD

Indication of yield: 5.25 per cent

5. OPERATIONAL INFORMATION

ISIN Code: XS0873630742

Common Code: 087363074

Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, société anonyme (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: Not Applicable

144A Eligible: Not 144A Eligible

ANNEX TO THE FINAL TERMS – SUMMARY OF THE ISSUE

Section A – Introduction and Warnings	
Element	
A.1	This summary should be read as an introduction to the Prospectus. Any decision to invest in the Notes should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus 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 only to those persons who have tabled the summary, including any translation hereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or 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	Certain Tranches of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) may be offered in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus. Any such offer is referred to as a "Public Offer". 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.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. On 1 October, 1999, it changed its name to Prudential public limited company and re-registered as a public company limited by shares under the Companies Acts 1948 to 1980 on 20 January, 1982.
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	The Issuer is the holding company of all the companies in the Prudential group (the "Prudential Group" or the "Group") and its assets are substantially comprised of shares and loans in 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. The Prudential Group is an international financial services group with significant operations in Asia, the United States and the United Kingdom.

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.																																																
B.10	Any qualifications in the audit report	Not Applicable. There are no qualifications in the audit reports to the Annual Report 2010 and the Annual Report 2011 of the Issuer.																																																
B.12	Selected historical key financial information regarding the Issuer plus a statement that there has been no material adverse change in the prospects of the Issuer since the date of its last audited financial statements or a description of any material adverse change and a description of significant changes in the financial or trading position subsequent to the period covered by the historical financial information	The following tables present the profit and loss account and balance sheet data for and as at the six months ended 30 June, 2012 and 30 June, 2011 and the years ended 31 December, 2011 and 31 December, 2010. 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 Audit Plc. Unaudited Consolidated Half Year Financial Results International Financial Reporting Standards (IFRS) Basis Results <table> <tr> <th></th><th>Half Year 2012</th><th>Half Year 2011*</th></tr> <tr> <td>Statutory IFRS basis results</td><td></td><td></td></tr> <tr> <td>Profit after tax attributable to equity holders of the Company.....</td><td>£952m</td><td>£829m</td></tr> <tr> <td>Basic earnings per share.....</td><td>37.5p</td><td>32.7p</td></tr> <tr> <td>Shareholders' equity, excluding non-controlling interests.....</td><td>£9.3bn</td><td>£8.0bn</td></tr> <tr> <td>Supplementary IFRS basis information</td><td></td><td></td></tr> <tr> <td>Operating profit based on longer-term investment returns.....</td><td>£1,162m</td><td>£1,028m</td></tr> <tr> <td>Short-term fluctuations in investment returns on shareholder-backed business.....</td><td>£(32)m</td><td>£93m</td></tr> <tr> <td>Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes</td><td>£87m</td><td>£(7)m</td></tr> <tr> <td>Gain on dilution of Group's holdings</td><td>£42m</td><td>—</td></tr> <tr> <td>Profit before tax attributable to shareholders</td><td>£1,259m</td><td>£1,114m</td></tr> <tr> <td>Operating earnings per share (reflecting operating profit based on longer-term investment returns after related tax and non-controlling interests)</td><td>34.5p</td><td>31.4p</td></tr> <tr> <td></td><td>Half Year 2012</td><td>Half Year 2011</td></tr> <tr> <td>Dividends per share declared and paid in reporting period</td><td>17.24p</td><td>17.24p</td></tr> <tr> <td>Dividends per share relating to reporting period</td><td>8.40p</td><td>7.95p</td></tr> <tr> <td>Funds under management</td><td>£363bn</td><td>£350bn</td></tr> </table> * In 2012, the Group has adopted altered US GAAP requirements for deferred acquisition costs as an improvement to its accounting policy under IFRS 4 for those operations of the Group which measure insurance assets and liabilities substantially by reference to US GAAP. Accordingly, the Half Year 2011 comparative results have been adjusted from those previously published for the retrospective application of the improvement as if the new accounting policy had always applied.		Half Year 2012	Half Year 2011*	Statutory IFRS basis results			Profit after tax attributable to equity holders of the Company.....	£952m	£829m	Basic earnings per share.....	37.5p	32.7p	Shareholders' equity, excluding non-controlling interests.....	£9.3bn	£8.0bn	Supplementary IFRS basis information			Operating profit based on longer-term investment returns.....	£1,162m	£1,028m	Short-term fluctuations in investment returns on shareholder-backed business.....	£(32)m	£93m	Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes	£87m	£(7)m	Gain on dilution of Group's holdings	£42m	—	Profit before tax attributable to shareholders	£1,259m	£1,114m	Operating earnings per share (reflecting operating profit based on longer-term investment returns after related tax and non-controlling interests)	34.5p	31.4p		Half Year 2012	Half Year 2011	Dividends per share declared and paid in reporting period	17.24p	17.24p	Dividends per share relating to reporting period	8.40p	7.95p	Funds under management	£363bn	£350bn
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Audited Consolidated Financial Statements		
	Year Ended 31 December	
	2011**	2010**
	£ million	
Statutory IFRS basis results		
Gross premiums earned	25,706	24,568
Outward reinsurance premiums	(429)	(357)
Earned premiums, net of reinsurance	25,277	24,211
Investment return	9,360	21,769
Other income	1,869	1,666
Total revenue, net of reinsurance	36,506	47,646
Profit before tax attributable to shareholders	1,943	1,461
Tax charge attributable to shareholders' returns	(449)	(25)
Profit for the year	1,494	1,436
Less: attributable to non-controlling interests	(4)	(5)
Profit after tax attributable to equity holders of the Issuer	1,490	1,431
Supplementary IFRS basis information		
Operating profit based on longer-term investment returns:		
Asia operations	784	604
US operations	718	855
UK operations	1,080	1,003
Other income and expenditure	(483)	(450)
RPI to CPI inflation measure change on defined benefit pension schemes	42	-
Solvency II implementation costs	(55)	(45)
Restructuring costs	(16)	(26)
Operating profit based on longer-term investment returns	2,070	1,941
Short-term fluctuations in investment returns on shareholder-backed business	(148)	(123)
Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes	21	(10)
Costs of terminated AIA transaction	-	(377)
Gain on dilution of holding in PruHealth	-	30
Profit before tax attributable to shareholders	1,943	1,461
Operating earnings per share (reflecting operating profit based on longer-term investment returns after related tax and non-controlling interests)***		
	63.9p	62.0p

		Year Ended 31 December		
		2011**	2010**	
		Basic earnings per share.....	58.8p	56.7p
		Shareholders' equity, excluding non-controlling interests.....	£9.1bn	£8.0bn
		Dividends per share declared and paid in reporting period.....	25.19p	20.17p
		Dividends per share relating to reporting period	25.19p	23.85p
		Funds under management	£351bn	£340bn
		** The figures for the years end 31 December, 2011 and 2010 are as published in the 2011 Annual Report of the Issuer and have not been adjusted for the retrospective application of the altered US GAAP requirements for deferred acquisition costs adopted in 2012 as described above. On the retrospective application of this new accounting policy, for the year ended 31 December, 2011, the operating profit based on longer-term investment returns of the Group altered from £2,070 million to £2,027 million (2010: from £1,941 million to £1,826 million), profit before tax attributable to shareholders altered from £1,943 million to £1,828 million (2010: from £1,461 million to £1,271 million, and shareholders' equity at 31 December, 2011 altered from £9.1 billion to £8.6 billion (31 December, 2010: from £8.0 billion to £7.5 billion). *** The operating earnings per share for full year 2010 excluded an exceptional tax credit of £158 million which primarily related to the impact of a settlement agreed with the UK tax authorities. 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 30 June, 2012. There has been no material adverse change in the prospects of the Issuer and its subsidiaries as a whole since 31 December, 2011.		
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 are substantially comprised of shares and loans in the 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+ (negative 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), (P)A3 (Dated Tier 2 Notes), (P)A3 (Undated Tier 2 Notes) and (P)Baa1 (Tier 1 Notes) by Moody's; A+ (Senior Notes), A- (Dated Tier 2 Notes), A- (Undated Tier 2 Notes) and A- (Tier 1 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 Regulation (EC) No. 1060/2009 (as amended) (the "CRA Regulation"). The Notes are expected to be rated Baa1 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	The Notes described in this section are debt securities with a denomination of 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. The Notes are U.S.\$700,000,000 5.25 per cent Tier 1 Notes. International Securities Identification Number (ISIN): XS0873630742

C.2	Currency of the Notes	The currency of each Series of Notes will be agreed between the Issuer and the relevant Dealer at the time of issue. The currency of this Series of Notes is U.S. dollars ("U.S.\$").
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	Payments of interest and repayment of principal: 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. Limitation on Dividend and Capital Payments: The Issuer will undertake that, in the event that any interest is deferred on an Interest Payment Date or on any Interest Payment Date on which the Solvency Condition and/or the Solvency Capital Requirement is not met, it will not: (a) declare or pay a dividend or distribution on any Parity Securities or Junior Securities (other than in certain limited circumstances); or (b) redeem, purchase or otherwise acquire any Parity Securities or Junior Securities, in each case, unless or until the interest (but excluding Deferred Interest) otherwise due and payable on the Tier 1 Notes during the next 12 months is duly set aside and provided for. Ranking: The Tier 1 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 1 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. For these purposes, Senior Creditors means (a) any creditors of the Issuer who are unsubordinated creditors; (b) any creditors having claims in respect of liabilities that rank, or are expressed to rank, subordinated to the claims of other creditors of the Issuer (other than those whose claims constitute, or would but for any applicable limitation on the amount of such capital, constitute Tier 1 Capital or whose claims rank, or are expressed to rank <i>pari passu</i> with, or junior to, the claims of the Holders in respect of such Tier 1 Notes); (c) any creditor of the Issuer whose claims are in respect of the Issuer's outstanding debt securities which constitute Tier 2 Capital (and such other securities outstanding from time to time which rank <i>pari passu</i> with, or senior to, any such Tier 2 Capital); and (d) all other creditors having claims,

		including other such creditors holding subordinated debt securities, except those that rank, or are expressed to rank, equally with or junior to the claims of the Holders of Tier 1 Notes in respect of the Tier 1 Notes. Negative pledge: The Tier 1 Notes do not contain a negative pledge. Taxation: Payments in respect of all Notes will be made without withholding or deduction of taxes of the United Kingdom, subject to customary exceptions. Events of Default and Default: The sole remedy against the Issuer available to the Trustee on behalf of the Holders of the Tier 1 Notes or, where the Trustee has failed to proceed against the Issuer as provided in the Conditions, any Holders of the Tier 1 Notes for recovery of amounts owing in respect of the Tier 1 Notes will be in 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.
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. The Tier 1 Notes bear interest from their date of issue at the fixed rate of 5.25 per cent per annum payable quarterly in arrear on 23 March, 23 June, 23 September and 23 December in each year. Payments of interest under the Tier 1 Notes are conditional on the Issuer satisfying the Solvency Condition and the Solvency Capital Requirement at the time of payment and immediately thereafter. In addition, the Issuer may, at its election, defer any payment of interest on any Interest Payment Date. Any payments of interest not made will constitute Deferred Interest.

		Deferred Interest will only become payable on the redemption of the Tier 1 Notes or purchase of the Tier 1 Notes by or on behalf of the Issuer or upon commencement of the winding-up of the Issuer. The Issuer will satisfy its obligation to pay Deferred Interest only in accordance with the Alternative Coupon Satisfaction Mechanism, except in the case of the winding-up of the Issuer, in which case any Deferred Interest will be payable by the liquidator in the same manner and with the same ranking as the principal on the Tier 1 Notes. 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) will be agreed between the Issuer and the relevant Dealer at the time of issue of the relevant Notes. The Tier 1 Notes are perpetual securities in respect of which there is no maturity date. The Tier 1 Notes may, at the Issuer's election, be redeemed early on 23 March 2018 at 100 per cent of their nominal amount. The Tier 1 Notes may, at the Issuer's election, be redeemed early at 100 per cent of their nominal amount for tax reasons. The Tier 1 Notes may, at the Issuer's election, be converted into another series of notes constituting Qualifying Tier 1 Capital for tax reasons. The Tier 1 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 1 Capital for regulatory reasons. The Tier 1 Notes must be redeemed early by the Issuer at 100 per cent of their nominal amount following a Solvency II Regulatory Event. The Issuer must satisfy its obligation to so redeem the Tier 1 Notes out of the proceeds of the issuance of instruments which are Tier 2 Own Funds or Tier 1 Own Funds. The Exchangeable Tier 1 Notes may, at the Issuer's election, be exchanged at any time for Preference Shares of the Issuer credited as fully paid (having certain specific terms). The Issuer and its Subsidiaries may at any time purchase Tier 1 Notes at any price in the open market or otherwise. Except as otherwise indicated to the Issuer by the FSA, any redemption, variation, substitution, conversion or purchase is subject to the Issuer having given prior notice to the FSA and, to the extent required by the regulations applicable to the Issuer, the FSA having given its prior approval or consented in the form of a waiver or otherwise to such redemption, variation, substitution, conversion or purchase.
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		Any redemption 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 and the Solvency Capital Requirement is met or, in each case, as otherwise permitted by the FSA. The FSA 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: 5.25 per cent per annum
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	Listing: Each Series may be admitted to the Official List of the UK Listing Authority (the "UKLA") and admitted to trading on the London Stock Exchange's Regulated Market or may be issued on the basis that they will not be admitted to listing and/or trading by any listing authority and/or stock exchange. 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 15 January 2013. Distribution: The Tier 1 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 may be admitted to the Official List of the UK Listing Authority (the "UKLA") and admitted to trading on the London Stock Exchange's Regulated Market or may be issued on the basis that they will not be admitted to listing and/or trading by any listing authority and/or stock exchange. 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 15 January 2013.
Section D – Risks		
Element	Title	
D.2	Key information on the key risks that are specific to the Issuer or its industry	• 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 or reduced investment returns impairing the Issuer's ability to write significant volumes of new business and having 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) the failure of counterparties to discharge obligations or where adequate collateral is not in place; and (d) difficulties experienced in estimating the value of financial instruments due to illiquid or closed markets. • The Issuer is subject to the risk of potential sovereign debt credit deterioration owing to the amounts of sovereign debt obligations (principally for the UK, other European, US and Asian countries) held in its 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 business. 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. • 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 tax) or regulatory interpretation applying to companies in the financial services and insurance industries in any of the markets in which the Issuer operates, which may apply retrospectively, may adversely affect the Issuer's product range, distribution channels, profitability, capital requirements and, consequently, reported results and financing requirements. Also, regulators in jurisdictions in which the Issuer 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. Furthermore, as a result of the recent interventions by governments in response to global economic

		conditions, it is widely expected that there will 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 transaction structure and enhanced supervisory powers. • The Issuer's businesses are conducted in highly competitive environments with developing demographic trends and continued profitability depends on 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 or claims-paying ratios. 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 hurt 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 against the assumptions used in pricing products and reporting business results could significantly affect the Issuer's results of operations. The Issuer needs to make assumptions about a number of factors in determining the pricing of its products and setting reserves and for reporting its capital levels and the results of its long-term business operations. In common with other industry participants, the profitability of the Group's businesses depends on a mix of factors, including mortality and morbidity trends, policy surrender rates, investment performance and impairments, unit cost of administration and new business acquisition expense. If actual levels prove to be different to assumed levels, the Group's results of operations could be adversely affected.
D.3	Key information on the key risks that are specific to the Notes	• 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 1 Notes are subordinated and will rank junior in priority to the claims of Senior Creditors. Although Tier 1 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 1 Note will lose some or all of their investment should the Issuer become insolvent. • Payments of interest on the Tier 1 Notes are conditional on the Issuer satisfying the Solvency Condition and the Solvency Capital Requirement at the time of payment and immediately afterwards. In addition, the Issuer may elect to defer payment of interest on any Interest Payment Date. • Any interest not paid on an Interest Payment Date shall constitute Deferred Interest. Deferred Interest will only become payable on the redemption of the Tier 1 Notes or purchase of the Tier 1 Notes by or on behalf of the Issuer or upon commencement of the winding-up of the Issuer. The Issuer will satisfy its obligation to pay Deferred Interest only in accordance with the Alternative Coupon Satisfaction Mechanism, except in the case of the winding-up of the Issuer, in which case any Deferred Interest will be payable by the liquidator in the same manner and with the same ranking as the principal on the Tier 1 Notes. • In accordance with current FSA requirements for subordinated capital, the sole remedy against the Issuer available to the Trustee on behalf of the Holders of the Tier 1 Notes or, where the Trustee has failed to proceed against the Issuer as provided in the Conditions, any Holders of the Tier 1 Notes for recovery of amounts owing in respect of the Tier 1 Notes will be in 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. • If the Issuer does not have the necessary authority for the Directors of the Issuer to issue a sufficient number of Ordinary Shares to implement the Alternative Coupon Satisfaction Mechanism and it does not therefore make a payment to satisfy Deferred Interest (and any interest thereon), the proposed date for redemption of the Tier 1 Notes will be postponed until the Directors of the Issuer shall have the necessary authority to issue sufficient Ordinary Shares and the issue proceeds of such Ordinary Shares are sufficient to pay the Deferred Interest (and any interest thereon) in full. The Issuer cannot be certain that the public market for its Ordinary Shares at any given time will enable it to raise sufficient proceeds to pay Deferred Interest (and any interest thereon) in full. • The Issuer may elect to pay any interest not otherwise deferred on any Tier 1 Notes on any Interest Payment Date in accordance with the Alternative Coupon Satisfaction Mechanism. If the Issuer is unable to issue sufficient Ordinary Shares to make a payment in full of all interest due to be paid, such interest payment may be delayed. • The Tier 1 Notes are perpetual securities in respect of which there is no maturity date and the Issuer is under no obligation to redeem such Notes. The Tier 1 Notes may be redeemed early or substituted or converted in
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		the circumstances set out below. There is a risk that these optional redemption features may limit the market value of the Tier 1 Notes or that the Tier 1 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 1 Notes being redeemed. • The Tier 1 Notes may at the Issuer's election, be redeemed early on 23 March 2018 at 100 per cent of their nominal amount, as specified in the applicable Final Terms. • The Tier 1 Notes may, at the Issuer's election, be converted into another series of notes constituting Qualifying Tier 1 Capital for tax reasons, as specified in the applicable Final Terms. • The Tier 1 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 1 Capital for regulatory reasons, each as specified in the applicable Final Terms. • The Tier 1 Notes must be redeemed early by the Issuer at 100 per cent of their nominal amount following a Solvency II Regulatory Event. • The Exchangeable Tier 1 Notes may, at the Issuer's election, be exchanged at any time for Preference Shares of the Issuer credited as fully paid (having certain specific terms). Exchangeable Notes and Preference Shares differ in certain material respects, including, without limitation, that Exchangeable Notes and Preference Shares may not rank <i>pari passu</i> as to payment; the holders of Preference Shares do not benefit from any gross-up obligation on payment of dividends; dividends on Preference Shares are fully discretionary; and Preference Shares may only be redeemed from profits available for distribution or the proceeds of a new issue of equity securities.
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Section E – Offer		
Element	Title	
E.2b	Reasons for the offer and use of proceeds when different from making profit and/or hedging certain risks	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. 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.
E.3	A description of the terms and conditions of the offer	The terms and conditions of each offer of Notes will be determined by agreement between the Issuer and the relevant Dealer(s) at the time of issue. Not Applicable. The Notes are in denominations of at least €100,000 (or its equivalent in any other currency).

E.4	A description of any interest that is material to the issue/offer including conflicting interests	The relevant Dealers may be paid fees in relation to any issue of Notes under the Programme.
E.7	Estimated expenses charged to the investor by the Issuer or the Offeror	It is not anticipated that the Issuer will charge any expenses to investors in connection with any issue of Notes. Other Offerors may, however, charge expenses to investors. Such expenses (if any) will be determined on a case by case basis but would be expected to be in the range of between 1 per cent and 7 per cent of the nominal amount of the Notes to be purchased by the relevant investor. Not Applicable. No expenses are being charged to investors by the Issuer or, as far as the Issuer is aware, by any Offeror.