

PRUDENTIAL PLC
Form F-3/A
July 14, 2003

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As filed with the Securities and Exchange Commission on July 14, 2003

Registration No. 333-103500

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

AMENDMENT NO. 2

to

FORM F-3

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Prudential Public Limited Company

(Exact Name of Registrant as Specified in Its Charter)

England and Wales

*(State or Other Jurisdiction
of Incorporation or Organization)*

Not applicable

*(I.R.S. Employer
Identification No.)*

**Laurence Pountney Hill
London EC4R 0HH, England
(44) 20 7220 7588**

(Address and telephone number of Registrant's principal executive offices)

**Jackson National Life Insurance Company
1 Corporate Way Lansing, MI 48951
(517) 887-5049**

Attention: General Counsel

(Name, address and telephone number of agent for service)

Copies to:

**Edward F. Greene, Esq.
Cleary, Gottlieb, Steen & Hamilton
City Place House, 55 Basinghall Street
London EC2V 5EH
England**

**E. Mark Walsh, Esq.
Sidley Austin Brown & Wood
Princes Court, 7 Princes Street
London EC2R 8AQ
England**

Approximate date of commencement of proposed sale to the public: As soon as practicable after the Registration Statement becomes effective.

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If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended (the "Securities Act"), please check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434 under the Securities Act, please check the following box.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered (1)	Proposed Maximum Aggregate Offering Price (1)(2)(3)	Amount of Registration Fee (2)(4)
Senior Debt Securities	U.S.\$2,000,000,000	U.S.\$2,000,000,000	U.S.\$161,800
Subordinated Debt Securities			

- (1) In U.S. dollars or their equivalent in foreign denominated currencies.
- (2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act and reflecting the offering price rather than the principal amount of any securities issued at a discount.
- (3) In no event will the aggregate initial public offering price of the securities issued under this Registration Statement exceed U.S.\$2,000,000,000 or if any securities are issued (i) at an original issue discount, such greater amount as shall result in aggregate net proceeds not in excess of U.S.\$2,000,000,000 to the Registrant or (ii) with a principal amount denominated in a foreign currency, such amount as shall result in an aggregate initial offering price equivalent to a maximum of U.S.\$2,000,000,000.
- (4) Previously paid.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

Subject to completion, dated July 14, 2003

The information contained in this prospectus is not complete and may be changed. This prospectus is not an offer to sell, and it is not soliciting nor is it seeking an offer to buy these securities, in any jurisdiction where the offer or sale is not permitted.

Prospectus

Prudential Public Limited Company

U.S.\$2,000,000,000

Senior and Subordinated Debt Securities

The aggregate initial offering price of any combination of securities offered through this prospectus will not exceed U.S.\$2,000,000,000 (or its foreign currency equivalent).

We will provide the specific terms of the securities that we are offering in supplements to this prospectus. You should read this prospectus and any prospectus supplement carefully before you invest.

This prospectus may not be used to consummate sales of securities unless accompanied by a prospectus supplement. The prospectus supplement will also contain the names of the underwriters, dealers or agents involved in the sale of the securities, together with any applicable commissions or discounts.

Investing in the securities involves risks. See Item 3, "Risk Factors" beginning on page 6 of our annual report on Form 20-F for the year ended December 31, 2002.

THE SECURITIES AND EXCHANGE COMMISSION AND STATE SECURITIES COMMISSION REGULATORS HAVE NOT APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus is _____, 2003.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission (the "SEC") using the "shelf" registration process under the Securities Act of 1933 (the "Securities Act"). Under the shelf registration process, we may sell the securities described in this prospectus in one or more offerings.

This prospectus provides you with a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement that will contain specific information about the terms of the securities and the extent to which such terms differ from the general terms described in "Description of the Securities". The prospectus supplement may also add to or update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with the additional information described under the heading "Where You Can Find More Information About Us".

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As used in this prospectus and in any prospectus supplement, the terms "Prudential," "we," "us" and "our" refer to Prudential plc. In addition, the term "U.K. GAAP" means generally accepted accounting principles in the United Kingdom and the term "U.S. GAAP" means generally accepted accounting principles in the United States.

Our consolidated financial statements are published in pounds sterling. In this prospectus and any prospectus supplement, "U.S. dollars" or "\$" refers to U.S. currency and "pounds sterling," "£" or "pence" refers to U.K. currency.

In connection with any issue of securities through this prospectus, a stabilizing manager or any person acting for him may over-allot or effect transactions with a view to supporting the market price of such securities and any associated securities at a level higher than that which might otherwise prevail for a limited period after the issue date. However, there may be no obligation on the stabilizing manager or any agent of his to do this. Such stabilizing, if commenced, may be discontinued at any time, and must be brought to an end after a limited period.

LIMITATIONS ON ENFORCEMENT OF U.S. LAWS AGAINST US, OUR MANAGEMENT AND OTHERS

We are an English public limited company. Most of our directors and executive officers (and certain experts named in this prospectus or in documents incorporated by reference) are resident outside the United States, and a substantial portion of our assets and the assets of such persons are located outside the United States. As a result, it may be difficult for you to effect service of process within the United States upon these persons or to enforce against them or us in U.S. courts judgments obtained in U.S. courts predicated upon the civil liability provisions of the federal securities laws of the United States.

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We have been advised by our English solicitors, Slaughter and May, that there is doubt as to enforceability in England and Wales, in original actions or in actions for enforcement of judgments of U.S. courts, of liabilities predicated solely upon the federal securities laws of the United States. Any final or conclusive judgment for a definitive sum of money obtained in the courts of the United States (or any political subdivision thereof) in any suit, action or proceedings arising out of or in connection therewith, will be recognized in England, *provided*, among other things:

the U.S. proceedings were consistent with due process and judgment was not obtained by fraud,

there is no public policy objection to enforcement of the judgment in England,

the judgment is not of a public nature,

the judgment was not obtained in proceedings contrary to natural justice,

the English proceedings were commenced within the relevant limitation period (typically, six years),

the U.S. court had jurisdiction in accordance with English conflict of laws principles,

enforcement of the judgment is not restricted by the provisions of the Protection of Trading Interest Act 1980,

the judgment was not obtained in proceedings which were brought in breach of Section 32 of the Civil Jurisdiction and Judgments Act 1982 or

the judgment is not inconsistent with an English judgment in respect of the same matter.

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A foreign judgment may be "final and conclusive" though it is subject to appeal. An English court may stay proceedings if concurrent proceedings are being brought elsewhere.

WHERE YOU CAN FIND MORE INFORMATION ABOUT US

We file annual reports and special reports and other information with the SEC. Our SEC filings are also available over the internet at the SEC's website at <http://www.sec.gov>. The address of the SEC's internet site is provided solely for the information of prospective investors and is not intended to be an active link. You may also read and copy any document we file at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at (800) SEC-0330 for further information on the public reference room.

The SEC allows us to "incorporate by reference" in this prospectus the information in the documents that we file with it, which means we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be a part of this prospectus. We incorporate by reference in this prospectus the documents listed below:

our annual report on Form 20-F for the year ended December 31, 2002 (SEC File No. 1-15040),

any future reports on Form 6-K that indicate they are incorporated by reference into this registration statement and

any future annual reports on Form 20-F that we may file with the SEC under the Securities Exchange Act of 1934 prior to the termination of any offering contemplated by the prospectus.

You may request a copy of these documents at no cost to you by writing or telephoning us at our principal executive offices, located at Laurence Pountney Hill, London EC4R 0HH, England, ++(44) 20 7220 7588, attn: Group Secretarial.

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Information in this prospectus may be modified by information included in subsequent Exchange Act filings that we incorporate by reference, the result of which is that only the information as modified will be part of this prospectus. Other information in the prospectus will not be affected by the replacement of this superseded information nor will an investor's ability to rely on such superseded information be affected, to the extent such reliance occurs prior to the delivery of the superseding information.

FORWARD-LOOKING STATEMENTS

Some statements in this prospectus are, and some statements contained in any prospectus supplement may be, forward-looking. All statements regarding our future financial condition, results of operations and businesses, strategy, plans and objectives are forward-looking. Statements containing the words "believes," "intends," "expects" and words of similar meaning are also forward-looking. Such statements involve unknown risks, uncertainties and other factors that may cause our results, performance or achievements or conditions in the markets in which we operate to differ from those expressed or implied in those statements. These factors include regulatory changes, technological developments, globalization, levels of spending in major economies, the levels of marketing and promotional expenditures, actions of competitors, employee costs, future exchange and interest rates, changes in tax rates and future business combinations or dispositions, together with other factors discussed in " Risk Factors" in our annual reports on Form 20-F and in any prospectus supplement. We may also make or disclose written and/or oral forward-looking statements in reports filed with or furnished to the SEC, our annual report and accounts to shareholders, proxy statements, offering circulars, registration statements, prospectuses, prospectus supplements, press releases and other written materials and in oral statements made by our directors, officers or employees to third parties, including financial analysts. We undertake no obligation to update any of our forward-looking statements.

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We are a leading international financial services group, providing retail financial services and fund management in our chosen markets of the United Kingdom, the United States, Asia and continental Europe. At December 31, 2002, we were one of the 25 largest public companies in the United Kingdom in terms of market capitalization on the London Stock Exchange. We are also listed on the New York Stock Exchange. Prudential is not affiliated with Prudential Financial, Inc. or its subsidiary, Prudential Insurance Company of America.

United Kingdom

As at December 31, 2002, we operated one of the largest U.K. long-term funds of investment assets, supporting long-term insurance products of The Prudential Assurance Company. This fund is rated AA+ by Standard & Poor's and Aa1 by Moody's in terms of financial strength. Our U.K. insurance operations are focused on the four key product areas of pensions, annuities, with-profits bonds and individual savings accounts, which are distributed under the Prudential brand.

M&G is our U.K. and European fund management business. As at December 31, 2002, M&G was one of the three largest U.K. fund managers in terms of funds under management (including funds managed for both Prudential and Scottish Amicable).

Our digital banking subsidiary, Egg plc, was launched in 1998. It offers products and services in the four main areas of banking, investments, insurance and online shopping. In June 2000, we completed an initial public offering of 21% of our holding in Egg plc on the London Stock Exchange.

United States

Our U.S. life insurance subsidiary, Jackson National Life, was the 18th largest life insurance company in the United States in terms of total assets as at December 31, 2002. It operates in the individual fixed annuities, equity indexed annuities and variable annuities markets. It also offers medium-term note funding arrangements.

Asia

In Asia, we have 22 operations in 12 countries. Our Asian savings, protection and investment products are distributed primarily through our agency sales force and bancassurance agreements.

Continental Europe

Prudential and Egg have operations in France, while M&G has commenced distributing a range of funds in Germany, Austria, Luxembourg and Italy.

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USE OF PROCEEDS

Except as otherwise provided in any prospectus supplement, the net proceeds from the sale of the securities described in this prospectus will be added to our funds to be used for general corporate purposes. Pending such application, such net proceeds may be invested in short-term marketable securities.

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RATIOS OF EARNINGS TO FIXED CHARGES

The ratios of earnings to fixed charges for the periods indicated, using financial information calculated in accordance with U.K. GAAP, are:

Year ended December 31,				
1998	1999	2000	2001	2002

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	Year ended December 31,				
Historical Ratio of Earnings ¹ to Fixed Charges ²	8.0	4.4	4.0	1.9	2.2
Supplemental ³ Ratio of Earnings to Fixed Charges	12.3	6.6	8.0	3.1	3.7

On a U.S. GAAP basis, the ratios of earnings to fixed charges are as follows:

	Year ended December 31,				
	1998	1999	2000	2001 ⁴	2002 ⁴
Historical Ratio of Earnings ¹ to Fixed Charges ²	1.5	1.5	1.2		
Supplemental ³ Ratio of Earnings to Fixed Charges	12.0	11.6	5.0		

1. On a U.K. GAAP basis, earnings represent profit on ordinary activities (excluding discontinued operations) before shareholder tax. On a U.S. GAAP basis, earnings represent net income from continuing operations before income taxes, minority interests and cumulative effects of changes in accounting principles.

2. Fixed charges consist of all interest expensed in the profit and loss account under U.K. GAAP and interest payments on lease obligations for land and buildings. Due to the complexity of determining the interest portion of lease payments on land and buildings, one-third of the Prudential group's lease payments on land and buildings has been included in fixed charges to represent a reasonable approximation of interest payments on these obligations. Under U.S. GAAP, fixed charges also include interest credited to policyholders in respect of account values for investment-type policies.

3. Management believes that the supplemental ratios are more indicative of the Prudential group's ability to cover its fixed charges than the historical ratios. The supplemental ratios include fixed charges incurred for shareholder-financed business but exclude product-related fixed charges and, to the extent appropriate, fixed charges that are borne by with-profits funds. Product-related fixed charges consist of interest credited to policyholders on insurance product liabilities, including account values of investment-type policies and wholesale funding arrangements entered into by Jackson National Life. Product-related fixed charges generally are not included in traditional measures of interest coverage ratios for life insurance companies and other financial institutions. As discussed in detail below, the exclusion of appropriate fixed charges borne by with-profits funds reflects the regulatory structures and accounting bases of profit recognition that attach to these types of with-profits business. Presentation of the supplemental ratios is neither required nor encouraged by the SEC.

On a supplemental U.K. GAAP basis, fixed charges consist of interest arising on borrowings of Prudential plc (and related finance subsidiaries) required to support the Prudential group's shareholder-financed business, as well as other borrowings of a trading nature. These other borrowings consist of commercial paper borrowings that support a short-term fixed income securities reinvestment program. Fixed charges on certain other borrowings arising from trading activities are excluded. These consist of trading borrowings of U.K. banking operations and non-recourse borrowings issued by investment subsidiaries managed by PPM America. In addition, fixed charges arising on debt in respect of with-profits funds are excluded, as these fixed charges do not directly affect the earnings of the Prudential group. The Prudential group's earnings in respect of with-profits funds reflects up to one-ninth of the value of bonuses paid to policyholders, which is not directly affected by the amount of fixed charges incurred by the funds. Further details concerning the adjustment for with-profits business are described below. Lastly, interest credited on insurance products liabilities, including wholesale funding arrangements entered into by Jackson National Life, has been excluded. This presentation is consistent with the capitalization and indebtedness table below.

On a supplemental U.S. GAAP basis, fixed charges consist of interest arising on borrowings of Prudential plc (and related finance subsidiaries) required to support the Prudential group's shareholder-financed business, as well as other borrowings of a trading nature. No fixed charges relating to borrowings from trading activities have been excluded. Fixed charges arising on debt in respect of with-profits funds has been included at the shareholders' 10% interest only, as the policyholders' 90% share of the charges has no impact on income from continuing operations. Interest relating to the Scottish Amicable Insurance Fund (SAIF), however, within the with-profits funds, has been excluded in its entirety as shareholders are not entitled to any of the profits from this fund. In addition, interest credited on insurance product liabilities, including account values of investment-type policies and wholesale funding arrangements entered into by Jackson National Life, has been excluded.

4. Net losses meant that earnings were insufficient to cover fixed charges on a U.S. GAAP basis for the year ended December 31, 2002 by £1,037 million and for the year ended December 31, 2001 by £721 million.

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Exclusion of the appropriate fixed charges borne by with-profits funds reflects the regulatory structures and accounting bases of profit recognition that attach to these particular types of with-profits business. The nature and operation of the profit sharing arrangement between policyholders and shareholders regarding results of the with-profits funds business is distinctive to the United Kingdom and certain Asian operations. Separate statutory funds are maintained for shareholders in the Prudential group companies having with-profits business and shareholder funds are only entitled to receive profit distributions from the with-profits funds as a function of profit participation bonuses distributed or credited to policyholders. In the case of SAIF, shareholders are not entitled to any profit from the fund. Under U.K. GAAP, earnings from with-profits business are recognized only when with-profits bonuses are declared and the shareholders' share of bonuses is transferred to the shareholders' fund. As bonuses are smoothed over time, fixed charges incurred by with-profits funds do not directly impact the level of bonuses, and therefore do not directly impact earnings. To reflect these arrangements, on the U.K. GAAP basis, the supplementary ratios have been determined after exclusion of all interest payable by with-profits funds. Under U.S. GAAP, earnings from with-profits business are recognized only after establishing a liability for the policyholders' share of earnings. Consequently, fixed charges incurred by with-profits funds affect earnings only to the extent of the shareholders' proportional interest in the earnings of the with-profits funds. Accordingly, on the U.S. GAAP basis, the supplementary ratios have been determined after exclusion of all interest payable by SAIF and, in addition to all product interest, 90% of other interest payable by the PAC with-profits fund (and similar funds in certain Asian subsidiaries). An explanation of the basis of profits under U.K. GAAP for with-profits business is included in Item 5, "Operating and Financial Review and Prospects Factors Affecting Results of Operations U.K. GAAP Critical Accounting Policies Long-term Business Provision" and " Analysis by Geographic Region United Kingdom Basis of Profits With-Profits Products" in our annual report on Form 20-F for the year ended December 31, 2002. An explanation of the basis of profits under U.S. GAAP for with-profits business is included in Item 5, "Operating and Financial Review and Prospects U.S. GAAP Analysis U.S. Critical Accounting Policies" in our annual report on Form 20-F for the year ended December 31, 2002.

The U.S. GAAP supplemental ratios illustrate a greater variation in the ratio of earnings to fixed charges than the U.K. GAAP counterpart. Under U.K. GAAP, profit attributable to shareholders in respect of our with-profits business reflects up to one-ninth of the value of bonuses paid to policyholders. To the extent that earnings from the with-profits funds do (or do not) exceed bonuses and related shareholder distributions, there is a transfer to (or from) the liability for the fund for future appropriations. Under U.S. GAAP, however, the shareholders' 10% interest in the pre-bonus operating results from with-profits funds is reflected in net income. The shareholder result from these funds is strongly influenced by investment returns and is subject to considerable volatility.

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CAPITALIZATION AND INDEBTEDNESS

The table below sets forth our capitalization as of December 31, 2002. You should read this table in conjunction with the consolidated financial statements and notes.

	As of December 31, 2002	
	(In £ Millions)	(In \$ Millions) ¹
Short-term debt	1,674	2,695
Long-term debt	2,234	3,597
Total debt²	3,908	6,292
Ordinary share capital	100	161
Share premium	550	886
Retained profit and loss reserve	3,018	4,859
Total shareholders' funds	3,668	5,905
Total capitalization	7,576	12,197
	As of December 31, 2002	
	(In £ Millions)	(In \$ Millions) ¹

As of December 31, 2002

Core structural borrowings:		
Parent company and finance subsidiaries	1,877	3,022
Jackson National life surplus notes	155	250
Structural borrowings of U.K. banking operators	202	325
Global commercial paper program ³	1,645	2,649
Medium term notes ³	25	40
Other borrowings	4	6
	<hr/>	<hr/>
Total debt	3,908	6,292
	<hr/>	<hr/>

1. Amounts stated in U.S. dollars have been translated from pounds sterling at the rate of \$1.61 per £1.00 (the noon buying rate in New York City on December 31, 2002).
2. Total debt comprises the items set forth in the table below. All of this debt is unsecured. Of this debt, £191 million has been issued by finance subsidiaries of the Prudential group and has been guaranteed by Prudential plc. The remainder of the debt is not guaranteed. Debt arising from long-term business operations and trading debt items, such as Egg debt securities, Jackson National Life funding arrangements and non-recourse borrowings issued by investment subsidiaries managed by PPM America, have been excluded.
3. These commercial paper and medium-term note borrowings are issued by Prudential plc and support a short-term fixed income securities reinvestment program.

The aggregate amount of our outstanding debt as at April 30, 2003, the most recent practicable date prior to the date of this prospectus, was £3,736 million. Of this amount, (i) no debt was secured, (ii) senior debt ranking equally with any Senior Debt Securities that may be issued pursuant to this prospectus totaled £2,966 million, (iii) debt ranking senior to any Dated Subordinated Debt Securities that may be issued pursuant to this prospectus totaled £2,966 million and (iv) debt ranking senior to any Perpetual Subordinated Debt Securities or Perpetual Subordinated Capital Securities that may be issued pursuant to this prospectus totaled £3,736 million.

Debt of our subsidiaries that would at April 30, 2003 effectively rank senior to any Senior Debt Securities and Subordinated Debt Securities that may be issued pursuant to this prospectus totaled £5,416 million. This amount includes debt issued by long-term business operations and trading debt items such as Egg debt securities and Jackson National Life funding arrangements.

DESCRIPTION OF THE SECURITIES

The securities offered pursuant to this prospectus will be issued under either a senior indenture or a subordinated indenture, each of which has been entered into between us, as issuer, and Wilmington Trust Company, as senior trustee and Citibank, N.A., as subordinated trustee, respectively. Senior debt securities ("Senior Debt Securities") will be issued under the senior indenture and subordinated debt securities ("Subordinated Debt Securities") will be issued under the subordinated indenture. We refer to Senior and Subordinated Debt Securities together as "debt securities" and the senior indenture and the subordinated indenture as the "indentures."

The following summary of certain provisions of the debt securities and the indentures, and any such summary in any prospectus supplement, do not purport to be complete and are subject, and qualified by reference, to all the provisions of the debt securities and the relevant indenture. As used in this description, the holder of a debt security is the registered owner of that security.

Forms of the indentures have been filed as exhibits to the registration statement of which this prospectus is a part. The indentures will be subject to and governed by the U.S. Trust Indenture Act of 1939, as amended. You should read the indentures for a more complete understanding of the provisions we describe. Please see "Where You Can Find More Information About Us" for information on how to obtain copies of the indentures.

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We describe in this section the general terms that will apply to any debt securities that may be offered pursuant to this prospectus. At the time that we offer debt securities, we will describe in the related prospectus supplement the specific terms of the offered debt securities and the extent to which the general terms described in this section apply or do not apply to those securities.

Capitalized terms used but not otherwise defined herein have the meanings set forth in the indentures.

General

The indentures do not limit the amount of the debt securities that we may issue thereunder and provide that we may issue debt securities thereunder from time to time in one or more series.

We may issue Senior Debt Securities, as described in greater detail below. We may also issue Subordinated Debt Securities. Subordinated Debt Securities may:

have a fixed Stated Maturity or date of redemption ("Dated Subordinated Debt Securities"), or

have no fixed Stated Maturity or date of redemption and be Subordinated Debt Securities to which the provisions set forth under the heading "Status of the Subordinated Debt Securities Perpetual Subordinated Capital Securities" do not apply (in which case such Subordinated Debt Securities are referred to as "Perpetual Subordinated Debt Securities") or

have no fixed Stated Maturity or date of redemption and be Subordinated Debt Securities to which the provisions set forth under the heading "Status of the Subordinated Debt Securities Perpetual Subordinated Capital Securities" apply (in which case such Subordinated Debt Securities are referred to as "Perpetual Subordinated Capital Securities").

We will describe the following terms of the particular series of debt securities being offered in the applicable prospectus supplement:

whether the debt securities are Senior Debt Securities or Subordinated Debt Securities, and if Subordinated Debt Securities, whether they are Dated Subordinated Debt Securities, Perpetual Subordinated Debt Securities or Perpetual Subordinated Capital Securities,

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the designation, aggregate principal amount and authorized denominations of the series of debt securities,

the percentage or percentages of principal amount at which the debt securities of the series will be issued,

certain dates or periods, including:

- (a) the original issue date or dates or periods during which the debt securities may be issued,
- (b) the date or dates (or manner of determining the same), if any, on which, or the range of dates, if any, within which, the principal of (and premium, if any, on) the debt securities of the series is payable and
- (c) the record dates, if any, for the determination of holders to whom such principal (and premium, if any, thereon) is payable,

information with regard to interest, including:

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- (a) the rate or rates per annum (or the manner of calculation thereof) at which the debt securities of the series shall bear interest (if any),
- (b) the date or dates from which such interest shall accrue,
- (c) the Interest Payment Dates on which such interest shall be payable (or manner of determining the same) and
- (d) the Regular Record Date for the interest payable on any Interest Payment Date,

the place or places where:

- (a) the principal of (and premium, if any, on) and interest or Deferred Interest (as defined below), if any, on debt securities of the series shall be payable,
- (b) debt securities of the series may be presented for transfer or exchange and
- (c) notices and demands to or upon us may be served,

the terms and conditions, if any, upon which debt securities of the series may be redeemed, in whole or in part, at our option or otherwise,

our obligation, if any, to redeem, repurchase or repay debt securities of the series pursuant to any sinking fund or analogous provisions or at the option of a holder thereof and the terms and conditions in respect thereof,

minimum denomination or denominations in which the debt securities shall be issued,

with respect to debt securities of a series, if other than the principal amount thereof, the portion of the principal amount of such debt securities of the series which shall be payable upon a redemption prior to Maturity or a declaration of acceleration of the Maturity following an Event of Default, if any, thereof,

with respect to the Senior Debt Securities of a series, any additional Events of Default (as defined below) and, with respect to the Subordinated Debt Securities of a series, any additional Events of Default, Payment Defaults, Capital Security Defaults or Payment Events (each as defined herein),

any of our additional covenants or agreements with respect to the debt securities of the series,

in the case of Perpetual Subordinated Capital Securities, additional or differing provisions, if any, with respect to Deferred Interest, Events of Default, Capital Security Defaults, Payment Events, Tax Events, Regulatory Events, Junior Securities, Parity Securities and subordination, together with

details for any indemnification or application of alternative coupon satisfaction mechanisms through the issuance of ordinary shares or otherwise,

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if a person other than Wilmington Trust Company or Citibank, N.A. is to act as trustee for the Senior Debt Securities and Subordinated Debt Securities of any series, respectively, the name and location of the corporate trust office of such trustee and, with respect to any debt securities of a series, if a person other than the applicable trustee, in its capacity as principal paying agent for the debt securities, is to act as such agent, the name and location of the principal office of such principal paying agent,

if other than U.S. dollars, the currency or currency unit in which any payments on the debt securities of the series shall be made or in which the debt securities of the series shall be denominated,

if the principal of (and premium, if any, on) and interest and Deferred Interest, if any, on the debt securities of the series are to be payable, at our election or at the election of a holder thereof, in a currency or currency unit other than that in which such debt securities are denominated or stated to be payable, the period or periods within which (including the Election Date), and the terms and conditions upon which, such election may be made,

the designation of the original Currency Determination Agent, if any, and in what circumstances a certificate of the Currency Determination Agent, or any other certificate, shall be delivered for debt securities of the series,

the index, if any, used to determine the amount of payments of principal of (and premium, if any, on) and interest and Deferred Interest, if any, on the debt securities of the series,

if applicable, the fact that the terms of the applicable indenture described below under "Satisfaction and Discharge" will not apply with respect to the debt securities of the series,

if the amount of payments of principal of (and premium, if any, on) and interest and Deferred Interest, if any, on the debt securities of a series may be determined, at our election or the election of a holder thereof, with reference to an index based on a currency or currency unit other than that in which such debt securities are denominated or stated to be payable or any other index, the manner in which such amounts shall be determined,

the date as of which any Global Security representing outstanding debt securities of the series shall be dated if other than the date of original issuance of the first security of the series to be issued,

if applicable, the fact that the terms of the applicable indenture described under "Redemption and Repurchase Redemption of Debt Securities for Tax Reasons" and "Payment of Additional Amounts" below will not apply with respect to the debt securities of the series,

whether the debt securities of the series shall be issued in whole or in part in the form of a Global Security or securities and, in such case, the Depositary for such Global Security or securities,

whether any legends shall be stamped or imprinted on all or a portion of the debt securities of a series, and the terms and conditions upon which any such legends may be removed,

the form of the debt securities of a series (including the terms and conditions of such debt securities),

in the case of any series of Perpetual Subordinated Capital Securities, the particular terms of such series, including those relating to any alternative coupon satisfaction mechanism, definitive suspension thereof, optional redemption, and such other terms relating to Deferred Interest,

Events of Default, Capital Security Defaults, Payment Events, Tax Events, Regulatory Events, Junior Securities, Parity Securities and subordination,

information with respect to book-entry procedures, if any, and

any other terms of that series.

All debt securities of any one series need not be issued at the same time.

If the purchase price of any of the debt securities is denominated in a foreign currency or currencies or foreign currency unit or units or if the principal of (and premium, if any, on) or interest, if any, on any series of debt securities is payable in a foreign currency or currencies or foreign currency unit or units, the restrictions, elections, tax consequences, specific terms and other information with respect to such issue of debt securities and such foreign currency or currencies or foreign currency unit or units will be set forth in the related prospectus supplement.

Some of the debt securities may be issued as "Discounted Securities" (providing that upon any redemption prior to Maturity or acceleration of the Maturity thereof, an amount less than the stated principal amount thereof shall become due and payable) to be sold at a substantial discount below their stated principal amount. Any special U.S. federal income tax consequences and U.K. tax consequences and other special considerations applicable to any Discounted Securities will be described in the related prospectus supplement, although a general discussion of the potential tax considerations may be found below under "Taxation".

Unless otherwise indicated in the prospectus supplement relating to the debt securities of a series, holders of debt securities will not be entitled to any voting rights except as otherwise described herein.

Unless otherwise indicated in the prospectus supplement relating to the debt securities of a series, the provisions of the indentures and the debt securities do not afford you protection in the event of a highly leveraged or other transaction involving us which might adversely affect you.

Denominations, Registration and Transfer

Unless the applicable prospectus supplement provides otherwise, we will issue debt securities registered in the name of holders as set out in the books of the security registrar (each, a "Registered Security," or a security in "registered form"). Unless the applicable prospectus supplement provides otherwise, Registered Securities will be represented by interests in one or more global securities (each, a "Global Security," or a security in "global form") deposited with a nominee for, and accepted for settlement and clearance by, one or more of DTC and a common depository for Euroclear and Clearstream, as described under "Global Securities" below. Registered Securities will be issued in such denominations as are specified in the applicable prospectus supplement and a Global Security will be issued in a denomination equal to the aggregate principal amount of outstanding debt securities of the series represented by such Global Security, unless the applicable prospectus supplement provides otherwise.

In the circumstances described below under " Securities in Definitive Form," we may physically issue and deliver certificated securities, which are referred to as securities in "definitive form". Registered Securities of any series issued in definitive form will be exchangeable for other Registered Securities of the same series, of a like aggregate principal amount and tenor and of different authorized denominations. A Registered Security issued in definitive form may be presented for registration of transfer (with the form of transfer duly executed), at the office of the security registrar or at the office of any transfer agent we designate for such purpose with respect to any series of debt securities and referred to in an applicable prospectus supplement, without service charge but subject to payment of any taxes and other governmental charges as described in the applicable indenture. Such transfer or exchange will be effected after the security registrar or transfer agent, as the case may be, is satisfied

with the documents of title and identity of the person making the request. We have initially appointed the trustees as the security registrars under the relevant indentures. If a prospectus supplement refers to any transfer agents (in addition to the security registrar) that we have initially designated with respect to any series of debt securities, we may at any time rescind the designation of any such transfer agent or approve a change in the location through which any such transfer agent acts, except that we will be required to maintain a transfer agent in each place of

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payment for such series. We may at any time designate additional transfer agents with respect to any series of debt securities.

If the debt securities of a series are redeemed in part, we shall not be required to:

issue, register the transfer of or exchange debt securities of any such series during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of debt securities of that series selected to be redeemed and ending at the close of business on the day of mailing of the relevant notice of redemption or

register the transfer of or exchange any Registered Security, or portion thereof, called for redemption, except the unredeemed portion of any Registered Security being redeemed in part.

Global Securities

The debt securities of a series may be represented in whole or in part by one or more Global Securities that will be registered in the name of or in the name of a nominee of, and deposited with or on behalf of, DTC or a common depository for Euroclear and Clearstream (a "Depository"). Global Securities will be issued in registered form unless the applicable prospectus supplement provides otherwise. Unless and until it is exchanged for securities in definitive form, any such Global Security may not be transferred except as a whole by the relevant Depository to its nominee, or vice versa, or by a nominee to another nominee of such Depository or, in either case, to a successor of such Depository or a nominee of such successor.

The specific terms of the depository arrangement with respect to a series of debt securities will be described in the related prospectus supplement. We anticipate that the following provisions will apply to all depository arrangements.

Upon the issuance of a Global Security, the Depository for such Global Security or its nominee will credit the accounts of persons entitled thereto with the respective beneficial interests in the principal amounts of the debt securities represented by such Global Security. Such accounts shall be designated by the underwriters, dealers or agents with respect to such debt securities, or by us if we offer and sell directly such debt securities. Ownership of beneficial interests in a Global Security will be limited to persons that have accounts with the Depository for such Global Security or its nominee ("participants") or persons that may hold interests through participants. Ownership of beneficial interests in the Global Security will be shown on, and the transfer of that ownership will be effected only through, records maintained by the Depository or its nominee (with respect to interests of participants) for such Global Security and on the records of participants (with respect to interests of persons who hold interests through participants). The laws of some jurisdictions require that certain purchasers of securities take physical delivery of such securities in definitive form. Such limits and such laws may impair your ability to transfer beneficial interests in a Global Security.

So long as the relevant Depository, or its nominee, is the registered owner of such Global Security, it will be considered the sole owner or holder of the debt securities represented by such Global Security for all purposes under the applicable indenture governing the debt securities. Except as provided below, owners of beneficial interests in a Global Security will not be entitled to have debt securities of the series represented by such Global Security registered in their names, will not receive or be entitled to receive physical delivery of securities of such series in definitive form and will not be considered the owners or holders thereof under the applicable indenture governing such debt securities. Such owners

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of beneficial interests will not have the direct right to act upon any solicitation for actions from holders of the debt securities and will be permitted to act only to the extent appropriate proxies to do so from DTC, Euroclear or Clearstream, as applicable, have been received. Similarly, upon the occurrence of an Event of Default, unless and until debt securities in definitive form are issued, owners of beneficial interests in Global Securities will be restricted to acting only to the extent appropriate proxies have been received from DTC, Euroclear or Clearstream, as applicable.

Any payments of principal, premium or interest on debt securities registered in the name of a Depository or its nominee will be made to it as the registered owner of the Global Security representing such debt securities. Neither we, nor any of the applicable trustees, paying agents or security registrars for such debt securities will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests of a Global Security for such debt securities or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

We expect that the Depository for a Global Security or its nominee, upon receipt of any payment of principal, premium or interest, will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the debt

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securities of such series represented by such Global Security as shown on the records of such Depository or its nominee. We also expect that payments by participants to owners of beneficial interests in such Global Security held through such participants will be governed by standing instructions and customary practices, as is now the case with securities payable to bearer or registered in "street name", and will be the responsibility of such participants.

Securities in Definitive Form

If a Depository for a Global Security in respect of a series of debt securities is at any time unwilling or unable to continue as depository, and we do not appoint a successor depository within 120 days, or in the event of our winding up we fail to make any payment on any debt securities when due, and the applicable trustee has received notice from the registered owner of such Global Security requesting the exchange of a specified amount of such debt securities for debt securities of such series in definitive form, we will issue Registered Securities in respect of the debt securities of such series in definitive form in exchange for the Global Security representing such series of debt securities.

We may at any time and in our sole discretion determine that the Registered Securities in respect of the debt securities of any series represented by one or more Global Securities, shall no longer be represented by such Global Security or Securities. In such event, we will issue Registered Securities in respect of the debt securities of such series in definitive form. Further, if we so specify with respect to the debt securities of a series, you may, on terms acceptable to us and the Depository for such Global Security, receive Registered Securities of such series in definitive form.

In any such instance, you will be entitled to physical delivery in definitive form of securities of the series of debt securities represented by such Global Security, equal in principal amount to your beneficial interest, and to have such securities registered in your name.

Debt securities of any series so issued in definitive form will only be issued as Registered Securities in authorized minimum denominations and bearing any applicable restrictive legend. There should be no tax consequences associated with an exchange of Registered Securities in global form for Registered Securities in definitive form.

If we issue debt securities in definitive form in exchange for a particular Global Security, the relevant Depository, as holder of that Global Security, will surrender it against receipt of the debt securities in definitive form, cancel the book-entry debt securities of that series, and distribute through

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DTC, Euroclear or Clearstream, as the case may be, the debt securities in definitive form of that series to the persons and in the amounts specified by DTC, Euroclear or Clearstream, as the case may be.

To the extent permitted by law, we, the applicable trustees, paying agents or security registrars shall be entitled to treat the person in whose name any debt security in definitive form is registered as the absolute owner. Payments in respect of a debt security in definitive form will be made to the person in whose name the definitive debt security is registered as it appears in the register for that series. They will be made by check mailed or delivered to the address of the person entitled thereto as such address shall appear in the security register or by wire transfer to an account maintained by the person entitled thereto as specified in the security register. Debt securities issued in definitive form should be presented to the applicable paying agent for redemption.

Holders of debt securities in definitive form will have the direct right to act upon any solicitation for actions from holders of the debt securities, including upon the occurrence of an Event of Default, and will not be required to rely upon receipt of proxies from DTC, Euroclear or Clearstream.

Status of the Senior Debt Securities

The Senior Debt Securities will constitute our direct, unconditional, unsubordinated and (subject to the provisions set forth under " Senior Debt Securities Negative Pledge" below) unsecured obligations. In each case, these obligations shall be without any preference among themselves and will rank at least equally with all of our other unsecured and unsubordinated obligations. This will be subject, in the event of insolvency, to laws of general applicability relating to or affecting creditors' rights. Other unsecured and unsubordinated indebtedness may contain covenants, events of default and other provisions which are different from or which are not contained in the Senior Debt Securities.

Senior Debt Securities Negative Pledge

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So long as any Senior Debt Securities remain outstanding (as defined in the senior indenture), we will not, and will ensure (so far as we can do so by the proper exercise of our voting and other rights or powers of control exercisable in relation to such company) that the Principal Subsidiary (as defined below) will not, create or permit to exist any mortgage or charge upon the whole or any part of our or its undertaking or assets (other than assets representing the fund or funds we maintain, or as the case may be, the Principal Subsidiary maintains, in respect of long-term business (as defined in the Financial Services and Markets Act 2000)), present or future, to secure payment of any of our present or future Relevant Indebtedness (as defined below), or such Relevant Indebtedness of any of our Subsidiaries, or to secure any guarantee or indemnity in respect thereof, without at the same time securing such outstanding Senior Debt Securities and all amounts payable under the senior indenture in respect thereof equally and ratably with the same security as secures any such Relevant Indebtedness, guarantee or indemnity, or such other security as shall be approved by the holders of at least 75% in principal amount of the outstanding debt securities of that series.

"Subsidiary" means a subsidiary undertaking of Prudential, within the meaning of Section 258 of the Companies Act 1985 of Great Britain as amended by the Companies Act 1989 of Great Britain ("Section 258"). Section 258 provides that a company will be our subsidiary where:

we hold a majority of its voting rights,

we have membership in it and have the right to appoint or remove a majority of its board of directors,

we have membership in it and control alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights in it,

we have the right to exercise a dominant influence over the undertaking by virtue of provisions contained in the undertaking memorandum or articles or by virtue of a control contract, or

such company is a subsidiary of any company which is our subsidiary.

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"Principal Subsidiary" means The Prudential Assurance Company Limited for so long as it remains our Subsidiary.

"Relevant Indebtedness" means any indebtedness for borrowed money (other than indebtedness in the form of sterling debenture stock (as defined in the senior indenture) or indebtedness which has a stated maturity not exceeding one year) which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which, with our agreement or the agreement of any relevant Subsidiary, as the case may be, are quoted, listed, dealt in or traded on a stock exchange or over the counter or other recognized securities market (whether or not distributed by way of private placement) excluding any indebtedness for borrowed money incurred to acquire an asset from outside the Prudential group in respect of which the person to whom such indebtedness is owed has no recourse whatsoever to us or the Principal Subsidiary, as the case may be, for repayment other than recourse for amounts limited to the cash flow or net cash flow (other than historic cash flow or historic net cash flow) from such asset.

Status of the Subordinated Debt Securities

General

If we become bankrupt or are wound up or liquidated, the claims of the holders of Subordinated Debt Securities will be subordinate to, and subject in right of payment to the prior payment in full of, all claims of our Senior Creditors (as defined below). The Subordinated Debt Securities do not have the benefit of any negative pledge covenant.

As a result of this subordination, no amount will be payable should we be the subject of any bankruptcy, winding up or liquidation proceedings in England and Wales in respect of claims under the Subordinated Debt Securities of any series until all the claims of our Senior Creditors admitted in such bankruptcy, winding up or liquidation have been satisfied. Also, by reason of subordination, in the event of any such bankruptcy, winding up or liquidation in England and Wales, our creditors who are holders of such senior claims as described above may recover more, ratably, than holders of any such Subordinated Debt Securities and holders of other claims ranking *pari passu* therewith.

Currently there is no limitation on the issuance of indebtedness which would constitute claims of our Senior Creditors.

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"Senior Creditor" when used with respect to any series of Subordinated Debt Securities means, unless otherwise set forth in the applicable prospectus supplement, any of our creditors:

who is an unsubordinated creditor with a claim admitted in the event of our winding up,

whose claim is or is expressed to be subordinated, whether only in the event of winding up or otherwise, to the claim of any of our unsubordinated creditors but not further or otherwise or

who is a subordinated creditor other than any whose claim ranks or is expressed to rank *pari passu* with or junior to the claims of the holders of any Subordinated Debt Securities of such series.

Dated Subordinated Debt Securities

The Dated Subordinated Debt Securities will constitute our unsecured subordinated obligations without any preference among themselves.

In the event we are the subject of any bankruptcy, winding up or liquidation proceedings, if the amounts payable with respect to the Dated Subordinated Debt Securities and any claims ranking *pari passu* with any such debt securities are not paid in full, the holders of any such debt securities and holders of other claims ranking *pari passu* with any such debt securities will share ratably in any distribution of our assets in proportion to the respective amounts to which they are entitled.

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Perpetual Subordinated Debt Securities

The Perpetual Subordinated Debt Securities will constitute our unsecured subordinated obligations without any preference among themselves.

If we become bankrupt or are wound up or liquidated, the amount payable with respect to the Perpetual Subordinated Debt Securities shall be determined by calculating the amount, if any, as would have been payable in respect thereof as if on the day prior to the commencement of the winding up and thereafter, the holders of the Perpetual Subordinated Debt Securities were the holders of our most senior class of preference shares having a preferential right to a return of assets in the winding up over the holders of all issued classes of share capital (including all classes of our issued preference shares) for the time being, assuming that such preference shares were entitled (to the exclusion of all other rights or privileges) to receive as a return of capital in such winding up an amount equal to the principal amount of the Perpetual Subordinated Debt Securities then outstanding together with premium, if any, and interest accrued to the date of the repayment, if any. If such amounts and any claims ranking *pari passu* with such amounts are not paid in full, the holders of such debt securities and claims will share ratably in any such distribution of our assets in proportion to the respective amounts to which they are entitled.

Perpetual Subordinated Capital Securities

The Perpetual Subordinated Capital Securities will constitute our unsecured subordinated obligations without any preference among themselves.

If we become bankrupt or are wound up or liquidated, the amount payable with respect to the Perpetual Subordinated Capital Securities shall be determined by calculating the amount, if any, as would have been payable in respect thereof as if on the day prior to the commencement of the winding up and thereafter, the holders of the Perpetual Subordinated Capital Securities were the holders of preference shares in our capital having a preferential right to a return of assets in the winding up over the holders of our ordinary shares (but *pari passu* with the holders of our most senior ranking class of issued preference shares, if any, except to the extent such preference shares represent claims of Senior Creditors) assuming that such preference shares were entitled (to the exclusion of all other rights or privileges) to receive as a return of capital in such winding up an amount equal to the principal amount of the Perpetual Subordinated Capital Securities then outstanding together with premium, if any, interest accrued to the date of repayment, if any, and to the extent specified in the applicable prospectus supplement, Deferred Interest, if any. If such amounts and any claims ranking *pari passu* with such amounts are not paid in full, the holders of such debt securities and claims will share ratably in any such distribution of our assets in proportion to the respective amounts to which they are entitled.

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The effect of using this method to calculate the amount payable with respect to the Perpetual Subordinated Capital Securities is that, in the event of a bankruptcy or similar event, the claims of the holders of Perpetual Subordinated Capital Securities will be subordinate to, and subject in right of payment to the prior payment in full of, all claims of the holders of Dated Subordinated Debt Securities and Perpetual Subordinated Debt Securities and any claims ranking *pari passu* with such Dated Subordinated Debt Securities or Perpetual Subordinated Debt Securities.

Currency

To the extent that holders of the debt securities are entitled to any recovery with respect to the debt securities in any bankruptcy, winding up or liquidation, it is unclear whether such holders would be entitled in such proceedings to a recovery in dollars or currencies other than pounds sterling and, as a general matter, the right to claim for any amounts payable on debt securities may be limited by applicable insolvency law.

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Payments on Debt Securities

The applicable prospectus supplement will specify the date on which we will pay interest, if any, and, in the case of the Senior Debt Securities and the Dated Subordinated Debt Securities, the date for payments of principal (and premium, if any, thereon) on any particular series of debt securities. The prospectus supplement will also specify the interest rate or rates, if any, or how such rate or rates will be calculated.

Dated Subordinated Debt Securities and Perpetual Subordinated Debt Securities

Unless otherwise provided in the applicable prospectus supplement, if we do not pay an installment of interest on an Interest Payment Date with respect to any Dated Subordinated Debt Securities or Perpetual Subordinated Debt Securities, or do not pay all or any part of the principal of (or premium, if any, on) any such Subordinated Debt Securities on the Stated Maturity (if any) or any other date set for redemption, the obligation to make such payment on such Interest Payment Date, Stated Maturity or other date set for redemption, as the case may be, shall be deferred until:

in the case of a payment of interest, the date upon which we pay a dividend on any class of our share capital or we make any payment on any series of debt securities ranking *pari passu* with such series of Dated Subordinated Debt Securities or Perpetual Subordinated Debt Securities (a "Deferred Interest Payment Date") or, in the case of the Dated Subordinated Debt Securities, the earlier to occur of the Stated Maturity for the payment of principal or the Deferred Principal Payment Date (as defined below), as the case may be, and

in the case of a payment of principal (or premium, if any), the first Business Day after the date that falls six months after such payment was originally due (a "Deferred Principal Payment Date").

No payment of interest so deferred will accrue interest. No payment so deferred shall be treated as due for any purpose until the Deferred Interest Payment Date or Deferred Principal Payment Date, as the case may be, and accordingly, no such deferral will constitute an Event of Default, Payment Default or Payment Event.

If so provided in the applicable prospectus supplement and notwithstanding any other provision of the Dated Subordinated Debt Securities, we may be entitled by notice in writing to the subordinated trustee, such notice a "*Deferral Notice*," to defer the due date for payment of any principal (or premium, if any, on) or interest in respect of any series of Subordinated Debt Securities if the U.K. Financial Services Authority has requested or required us to make that deferral. As a result, we would not have to make that payment on the date that it would otherwise have become due and payable.

We envisage that the U.K. Financial Services Authority would request the deferral of payments if it were concerned about our solvency or capital position. In such a situation, we would also expect the U.K. Financial Services Authority to take into consideration our views regarding the impact that such a deferral could have. These deferrals could be optional or mandatory.

The terms and conditions of the Dated Subordinated Debt Securities, Perpetual Subordinated Debt Securities and Perpetual Subordinated Capital Securities could all include provisions which entitle us to the optional deferral of payments under certain circumstances. Typically, these circumstances would be the non-payment of dividends on ordinary shares, or the failure to meet capitalization ratios calculated on the basis of regulatory requirements. Whether we would exercise the right to defer payments under such circumstances would depend on our overall

financial and trading situation, the general market environment, and the likely impact of such a deferral. The terms and conditions of the Dated Subordinated Debt Securities, Perpetual Subordinated Debt Securities and Perpetual Subordinated Capital Securities could also include mandatory requirements to defer payments. Typically, these mandatory payment deferrals would be triggered by our failure to meet regulatory capital requirements.

Perpetual Subordinated Capital Securities

Interest on the Perpetual Subordinated Capital Securities will, to the extent set forth in the applicable prospectus supplement, be payable on each Compulsory Interest Payment Date (as defined below). The prospectus supplement will specify the interest rate or rates and how such rate or rates will be calculated.

We will have no obligation to make any payments on an Optional Interest Payment Date (as defined below), and any failure to make such payments shall not constitute an Event of Default, Capital Security Default or Payment Event. Any interest not paid on any Optional Interest Payment Date, together with any interest not paid because the Solvency Condition is not met, shall, if so provided in the applicable prospectus supplement, constitute collectively "*Deferred Interest*" so long as the same remains unpaid. See "Events of Default and Defaults Subordinated Debt Securities" below. Deferred Interest and interest, if any, on Deferred Interest, with respect to the Perpetual Subordinated Capital Securities will be payable only pursuant to the alternative coupon satisfaction mechanism discussed in the applicable prospectus supplement and in such circumstances and in such manner as are set forth therein.

"*Compulsory Interest Payment Date*" means, in respect of the Perpetual Subordinated Capital Securities, any Interest Payment Date on which we satisfy the Solvency Condition and which is not an Optional Interest Payment Date.

"*Optional Interest Payment Date*" shall have the meaning attributable to such term in the applicable prospectus supplement.

Solvency Condition

Except in a winding up, if applicable, or if the U.K. Financial Services Authority has indicated that it has no objection to such payment, any payments of principal, premium, if any, interest, if any, or Deferred Interest, if any, in respect of the Subordinated Debt Securities of any series are conditional upon our satisfying the Solvency Condition at the time of and immediately after any such payment, and no principal, premium, if any, interest, if any, or Deferred Interest, if any, shall be payable in respect of any series of such debt securities and neither we nor any of our Subsidiaries, as applicable, may redeem or repurchase any of the debt securities of any such series except to the extent that we would satisfy the Solvency Condition both at the time of and immediately after, any such payment, redemption or repurchase.

"*Solvency Condition*" means, unless otherwise set forth in the applicable prospectus supplement, that, at the relevant time, we are solvent by virtue of:

our being able to pay debts to Senior Creditors as they fall due and

our total Assets (as defined below) exceeding our total Liabilities (as defined below), other than our Liabilities to persons who are not Senior Creditors, by at least 4% or such other percentage specified by the U.K. Financial Services Authority from time to time as the Regulatory Capital Requirement.

"*Assets*" means the total amount of our non-consolidated gross assets as shown by our latest published balance sheet, but adjusted as specified in the subordinated indenture, including for contingencies and subsequent events, and to such extent as the person or persons giving the relevant Solvency Condition report may determine.

"*Liabilities*" means the total amount of our non-consolidated gross liabilities as shown by our latest published balance sheet, but adjusted, as specified in the subordinated indenture, including for contingencies and subsequent events, and to such extent as the person or persons giving the relevant Solvency Condition report may determine.

"Regulatory Capital Requirement" means any minimum or notional margin of solvency or minimum regulatory capital or capital ratios required for insurance companies or insurance holding companies by the U.K. Financial Services Authority or any successor regulatory body.

A report as to our solvency by two of our directors or, in certain circumstances as provided in the subordinated indenture, our auditors or, if we are in a winding up in England and Wales, our liquidator shall in the absence of proven error be treated and accepted by us, the subordinated trustee and the holders of any such Subordinated Debt Securities as correct and sufficient evidence thereof. Any such report shall be made to the subordinated trustee within 14 days before any such payment is to be made or within six months before any such repurchase or redemption is to be made.

If the Solvency Condition is not satisfied, the amount of any payment which could otherwise be payable in respect of the Subordinated Debt Securities of any series will be available to meet our losses.

Redemption and Repurchase

Redemption of Perpetual Subordinated Debt Securities and Perpetual Subordinated Capital Securities

The Perpetual Subordinated Debt Securities and Perpetual Subordinated Capital Securities will be undated and, accordingly, will have no final maturity and may not be repaid except in accordance with the provisions set forth below under "Redemption of Debt Securities for Tax Reasons," "Redemption of Perpetual Subordinated Capital Securities for Regulatory Reasons," "Repurchase," "Optional Redemption" and "Events of Default and Defaults Subordinated Debt Securities" or as otherwise described in any applicable prospectus supplement.

Redemption of Debt Securities for Tax Reasons

Subject, in the case of Subordinated Debt Securities of any series to our satisfying the Solvency Condition on any applicable date set for redemption, the debt securities of any series may be redeemed, as a whole but not in part, at our option, upon not more than 60 days' nor less than 30 days' prior notice to the holders of such debt securities, at a redemption price equal to 100% of the principal amount thereof (and premium, if any, thereon), together with accrued interest, if any, and Deferred Interest, if any, thereon to the date fixed for redemption, upon the occurrence of a Tax Event with respect to such series, unless otherwise provided in the applicable prospectus supplement.

"Tax Event" means, unless otherwise provided in the applicable prospectus supplement, we determine that (i) in making any interest payments or Deferred Interest payments, as the case may be, in respect of any debt securities, we have paid, or will or would on the next interest payment date be required to pay, Additional Amounts, as described below under "Additional Amounts"; (ii) payments, including Deferred Interest Payments, on the next interest payment date in respect of any Perpetual Subordinated Capital Securities would be treated as "distributions" within the meaning of Section 209 of the Income and Corporation Taxes Act 1988 of the United Kingdom (as amended, re-enacted or replaced); or (iii) as a result of a change in or amendment to the laws or regulations of the United Kingdom or any political subdivision or any authority thereof or therein having power to tax, including any treaty to which the United Kingdom is a party, or any change in an application or official interpretation of those laws or regulations (including a change or amendment resulting from a holding by a court or tribunal of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the Perpetual Subordinated Capital Securities, we would not be entitled to claim a deduction in computing our U.K. taxation liabilities in respect of any interest payment (including any Deferred Interest Payment) on the Perpetual Subordinated Capital Securities, or the value of the deduction to us would be materially reduced.

In the event that we elect to redeem the debt securities of any series upon the occurrence of a Tax Event, we will deliver to the applicable trustee a certificate, signed by two of our authorized officers, evidencing compliance with such provisions and stating that we are entitled to redeem the debt securities of any such series pursuant to the terms of such debt securities and the applicable indenture. We will further be required, before giving a notice of redemption, to deliver to the applicable trustee a written opinion of independent legal counsel of recognized standing in the appropriate jurisdiction, in a form satisfactory to such trustee, confirming that we are entitled to exercise the right of redemption.

Notice of intention to redeem the debt securities of any series will be given in accordance with the provisions described under "Notices" below and pursuant to the terms of the applicable indenture. If such notice has been given, and subject, in the case of Subordinated Debt Securities of any series to our satisfying the Solvency Condition on the applicable redemption date and, if so required under the applicable U.K. regulatory requirements, providing notice thereof to, and receiving no objection thereto from, the U.K. Financial Services Authority (see below), the debt securities of any such series shall become due and payable on the redemption date specified in such notice and, upon presentation and

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surrender of such debt securities at the place or places specified in such notice, we shall pay and redeem such debt securities at the places and in the manner therein specified and at the redemption price therein specified together with accrued interest, if any, and Deferred Interest, if any, to the redemption date. From and after the redemption date, unless we shall default in the payment of the redemption price together with accrued interest, if any, and Deferred Interest, if any, the debt securities of any such series called for redemption shall cease to bear interest. If any such debt security called for redemption shall not be so paid upon surrender thereof for redemption, the principal thereof (and premium, if any, thereon) and, to the extent set out in the applicable prospectus supplement, Deferred Interest, shall, until paid, bear interest from the redemption date at such rate per annum equal to the rate borne by such debt security or, in the case of Discounted Securities, such debt security's Yield to Maturity.

Redemption of Perpetual Subordinated Capital Securities for Regulatory Reasons

Subject to our satisfying the Solvency Condition and providing notice thereof to, and receiving no objection from, the U.K. Financial Services Authority (see below), on any applicable date set for redemption, the Perpetual Subordinated Capital Securities of any series may be redeemed, in whole but not in part, at our option, upon not more than 60 days' nor less than 30 days' prior notice to the holders of such debt securities, at a redemption price equal to 100% of the principal amount thereof (and premium, if any, thereon), together with accrued interest, if any, and Deferred Interest, if any, thereon to the date fixed for redemption, if a Regulatory Event is deemed to have occurred.

A "Regulatory Event" will be deemed to have occurred if the Perpetual Subordinated Capital Securities would not be capable of counting as cover for the minimum or notional margin of solvency or minimum capital or capital ratios required of us by any Regulatory Capital Requirement as a result of any change to the Capital Regulations or the application or official interpretation thereof at any relevant time.

"Capital Regulations" means rules and regulations of the U.K. Financial Services Authority, or any successor regulatory body, that require Prudential plc or any of its EEA Insurance Subsidiaries to meet a Regulatory Capital Requirement including, without limitation, pursuant to the Directive 98/78/EC of the European Union or any legislation, rules or regulations (whether having the force of law or otherwise) in any state within the European Economic Area (which includes the European Union together with Norway, Liechtenstein and Iceland) implementing such directive.

"EEA Insurance Subsidiary" means any of our Subsidiaries engaged in the insurance business and regulated as such by a member state of the European Economic Area.

Optional Redemption

The applicable prospectus supplement will specify whether we may redeem the debt securities of any series, in whole or in part, at our option, in any other circumstances. The prospectus supplement will also specify the notice that we will be required to provide and the prices (and premium, if any, thereon) at which and the dates on which the debt securities may be redeemed. Any notice of redemption of debt securities will state:

the date fixed for redemption,

the amount of debt securities to be redeemed if we are only redeeming part of the series,

the redemption price,

that on the date fixed for redemption the redemption price will become due and payable on each debt security to be redeemed and, if applicable, that any interest will cease to accrue on or after the redemption date and

the place or places at which each holder may obtain payment of the redemption price.

Financial Services Authority Consents

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Under U.K. regulatory requirements at the date of this prospectus, any redemption of Subordinated Debt Securities upon the occurrence of a Tax Event or Regulatory Event or repurchase or any optional redemption we or any of our Subsidiaries make of Subordinated Debt Securities of any series may be made only without the objection of the U.K. Financial Services Authority and subject to such conditions as the U.K. Financial Services Authority may impose at the time of any such non-objection.

Repurchase

Subject to applicable law (including, without limitation, U.S. federal securities law), and subject, in the case of Subordinated Debt Securities of any series, to our satisfying the Solvency Condition on the relevant date, we and any of our Subsidiaries may at any time repurchase debt securities in the open market, by tender to the holders of the securities of that series or by other means. Debt securities of any such series that we or any of our Subsidiaries may purchase may be held, resold or surrendered by the purchaser thereof through us to the applicable trustee or any paying agent for cancellation. See "Status Senior Debt Securities Negative Pledge" for the definition of Subsidiary.

Payment of Additional Amounts

Unless the applicable prospectus supplement provides otherwise, we will pay to the holder of any debt security such additional amounts as may be necessary in order that every net payment of the principal of (and premium, if any, on) and interest, if any, and Deferred Interest, if any, on any such debt security after deduction or other withholding for or on account of any present or future tax, assessment, duty or other governmental charge of any nature whatsoever imposed, levied or collected by the United Kingdom, or any political subdivision or taxing authority thereof or therein having power to tax, will not be less than the amount provided for in any such debt security to be then due and payable ("Additional Amounts"); *provided*, however, that the foregoing obligation to pay additional amounts will not apply on account of any tax, assessment, duty or other governmental charge which is payable:

otherwise than by deduction or withholding from payments of principal of (or premium, if any, on) or interest, if any, or Deferred Interest, if any, on any such debt security,

by reason of such holder or beneficial holder having, or having had, some personal or business connection with the United Kingdom and not merely by reason of the fact that payments are, or for the purposes of taxation are deemed to be, from sources