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For immediate release

17 May 2010

UPDATE ON COMBINATION OF THE PRUDENTIAL GROUP AND THE AIA GROUP
ANNOUNCEMENT OF RIGHTS ISSUE TERMS

Prudential plc ("Prudential") today announces further details of the proposed combination of the Prudential Group and the AIA Group, including the terms of its fully underwritten rights issue to raise approximately £14.5 billion (the "Rights Issue").

HEADLINES

Transaction financing

- The Rights Issue will be made on the basis of 11 Rights Issue Shares for every 2 Existing Shares at an Issue Price of 104 pence per share (HK$11.78 for HK Shareholders and Singapore Shareholders).
- Issue Price represents a 39.3% discount to the theoretical ex-rights price based on the Closing Price of 542.5 pence on 14 May 2010 and a 80.8% discount to that Closing Price.
- Debt financing arrangements revised to include facility for US$5.4 billion of hybrid capital.
- Standby commitment from AIG to subscribe for up to US$1.875 billion of hybrid capital.

Enlarged group targets and integration

- Annualised run rate new business profit revenue synergies of US$800 million pre-tax and cost synergies of US$370 million pre-tax targeted during 2013.
- Target to achieve IFRS pre-tax operating profit for Asia combined business of at least £3.26 billion in 2013 and to more than double combined Asian EEV pre-tax new business profit to at least £2.8 billion in 2013.
- Target for remittance of at least US$1.0 billion per annum from the AIA Group in 2011 and onwards.
- Focus on delivery of a growing dividend for the Enlarged Group, based on medium term cover of two times post-tax operating earnings.
- Clear and achievable plans for integration based on maintaining and growing both brands in Asia.

Regulatory capital

- Arrangements agreed with the FSA for the future supervision of the Enlarged Group, including on the capital that it will be expected to hold.
- IGD surplus capital of Prudential following completion of the Transactions forecast to be £5.2 billion (based on an assumed 1 July 2010 closing date).
- Contingent subordinated debt facility of £1 billion put in place to enhance IGD capital in certain stress scenarios.

AIA and Prudential financial information

- AIA Group restated EEV of US$22.0 billion as at 30 November 2009 and EEV post-tax new business profits of US$610 million for 2009 (previously announced traditional embedded value figures US$21.0 billion and US$570 million respectively).
- AIA Group pre-tax IFRS operating profit of US$1.8 billion for 2009.
- Record first quarter new business figures from Prudential published separately today – new business sales and new business pre-tax profits increased by 26% and 27% respectively.
- AIA first quarter new business sales and pre-tax profits increased by 16% and 32% respectively.

Commenting, Harvey McGrath, Chairman, Prudential said:

"This combination represents a unique opportunity for Prudential and its shareholders. We believe that this transaction offers compelling strategic and financial benefits and will deliver excellent returns for shareholders. We are creating the leading life insurer in the fastest growing region in the world, giving us greater exposure to the highly attractive long- term growth offered in Asia. We believe this opportunity will deliver substantial long-term value for our shareholders."

Commenting, Tidjane Thiam, Group Chief Executive, Prudential said:

"The combined business will be a fast growing and highly profitable company, with a leading position in many of the most attractive markets in the world. The combined business will be in an excellent position to capture sustainable and highly profitable growth. We have the team, the skills and the discipline to successfully integrate these businesses and achieve the targets we have announced today. We believe that, through capital management and portfolio rationalisation, there will be opportunities for the combined entity to create additional shareholder value over and beyond the revenue and cost synergies identified."

The Rights Issue Prospectus is expected to be published later today. The Court Meeting and the General Meeting to obtain the approval of Prudential shareholders for the necessary resolutions to implement the Scheme and the Rights Issue will take place on 7 June 2010.

Enquiries:

Media		***Investors/Analysts***	
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Brunswick UK: Kevin Byram / Tom Burns / Michael Lever	+44 (0)20 7404 5959	Retail investors: Equiniti	0871 384 2035 (from inside the UK) +44 (0)121 415 7026 (from outside the UK)
Brunswick Hong Kong : Tim Payne / Karin Wong / Nina Soon	+852 3512 5000		

Media and analysts

There will be a conference call for wire services today at 7.30 a.m. (BST / GMT+1) hosted by Tidjane Thiam, Group Chief Executive. Dial in telephone number: +44 (0)20 7075 1520 Passcode: 606607#.

A presentation for investors and analysts will take place today at 9.30 a.m. (BST / GMT+1) at The Auditorium, Goldman Sachs, River Court, 120 Fleet Street, London, EC4A 2BB. The dial in number from the UK is: +44 (0)20 8817 9301 Passcode 2745931. An audio cast of the presentation and the presentation slides will be available from Prudential's website at www.prudential.co.uk/transaction.

High resolution photographs are available to the media free of charge at www.newscast.co.uk, by calling newscast on +44 (0)20 3137 9137 or by calling Prudential's media office on +44 (0)20 7548 2466. B-roll is available from Visual Media on +44 (0)207 613 2555.

Documents to be published

When published, documents will be available from Prudential's website at www.prudential.co.uk/transaction.

The following documents are expected to be published today in the UK and in Hong Kong and Singapore by 18 May 2010:

- Rights Issue Prospectus
- New Prudential Prospectus
- Circular (including notices convening the Court Meeting and General Meeting)
- 2010 Q1 Interim Management Statement.

The following documents are expected to be published on 18 May 2010:

- Hong Kong Formal Notice
- Hong Kong Listing Document
- Hong Kong Supplemental Listing Document.

These headlines should be read in conjunction with the full text of this announcement, including the appendices. The defined terms used in this announcement are set out in Appendix IV to this announcement.

This announcement has been issued by and is the sole responsibility of Prudential.

This announcement is not a prospectus but an advertisement and investors should not acquire Rights Issue Shares referred to in this announcement except on the basis of the information contained in the Rights Issue Prospectus and/or the New Prudential Prospectus.

This announcement is for information purposes only and is not intended to and does not constitute or form any part of any offer or invitation to subscribe for or purchase any securities or the solicitation of any offer to subscribe for, purchase, or otherwise acquire any securities.

Credit Suisse, HSBC and J.P. Morgan Cazenove and the other underwriters are acting solely for Prudential in relation to the matters set out in this announcement (in each case, to the extent applicable) and will not regard as a client anyone (whether or not a recipient of this announcement) other than Prudential in connection with the HK Introduction, the Transactions, the UK Introduction or the Rights Issue and will not be responsible to anyone (whether or not a recipient of this announcement) other than Prudential for providing the protections afforded to their clients or for providing advice to anyone other than Prudential in connection with the HK Introduction, the Transactions, the UK Introduction or the Rights Issue or any other matter referred to herein.

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Apart from the responsibilities and liabilities, if any, which may be imposed on Credit Suisse, HSBC, J.P. Morgan Cazenove and the other underwriters by the FSMA 2000, none of Credit Suisse, HSBC and J.P. Morgan Cazenove or the other underwriters (or any of their respective affiliates or agents) accept any responsibility whatsoever for, and make no representation or warranty, express or implied, in relation to, the contents of this announcement (including its accuracy, completeness or verification) or any other statement made or purported to be made by it, or on its behalf, in connection with Prudential, the HK Introduction, the Transactions, the UK Introduction, the Nil Paid Rights, the Fully Paid Rights, the Rights Issue Shares, the New Prudential Shares or the Rights Issue. Each of Credit Suisse, HSBC, J.P. Morgan Cazenove and the other underwriters accordingly disclaims to the fullest extent permitted by law all and any responsibility and liability, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of this announcement or any such statement.

The underwriters of the Rights Issue may, in accordance with applicable legal and regulatory provisions and subject to the Underwriting Agreement, engage in transactions in relation to the Nil Paid Rights, the Fully Paid Rights, the Rights Issue Shares, Prudential Shares and/or related instruments for their own account. Except as required by applicable law or regulation, the underwriters do not propose to make any public disclosure in relation to such transactions.

No person has been authorised to give any information or to make any representations other than those contained in this announcement and, if given or made, such information or representations must not be relied on as having been authorised by Prudential, Credit Suisse, HSBC, J.P. Morgan Cazenove or the other underwriters.

The information contained in this announcement is not for release, publication or distribution, directly or indirectly, to persons in the United States, New Zealand, Japan, India, Malaysia or South Africa and should not be distributed, forwarded to or transmitted in or into any jurisdiction where to do so might constitute a violation of local securities laws or regulations.

The announcement is not an offer for sale of or a solicitation of any offer to buy securities in the United States, New Zealand, Japan, India, Malaysia or South Africa or any other jurisdiction. Securities may not be offered or sold in the United States absent of registration with the United States Securities and Exchange Commission or an exemption from registration under the US Securities Act. The Rights Issue

Shares and other securities mentioned in this announcement have not been and, if and when issued in connection with the transactions, have not been and will not be registered under the US Securities Act or under the securities laws of any state or territory of the United States and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, in or into the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with state securities laws. Prudential does not intend to register any part of the offering of any of the securities referred to herein in the United States or to conduct a public offering of such securities in the United States.

This announcement does not constitute an offering circular or prospectus in connection with an offering of securities of Prudential. Investors must neither accept any offer for, nor acquire, any securities to which this announcement refers, unless they do so on the basis of the information contained in the Prospectus to be published or Circular to be distributed by Prudential. This document does not constitute an offer to sell or the solicitation of an offer to buy or subscribe for, any securities and cannot be relied upon for any investment contract or decision.

The distribution of this announcement into jurisdictions other than the United Kingdom, Hong Kong or Singapore may be restricted by law. No action has been taken by Prudential or any of Credit Suisse, HSBC, J.P. Morgan Cazenove or the other underwriters that would permit an offering of such rights or shares or possession or distribution of this announcement in any jurisdiction where action for that purpose is required. Persons into whose possession this announcement comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Neither the content of Prudential's website nor any website accessible by hyperlinks on Prudential's website is incorporated in, or forms part of, this announcement.

This announcement contains or refers to 'forward-looking statements' with respect to certain of the Prudential Group’s and the Enlarged Group’s plans and its current goals and expectations relating to its future financial condition, performance, results, strategy and objectives. Generally, words such as "may", "could", "will", "expect", "intend", "estimate", "anticipate", "believe", "plan", "seek", "continue" or similar expressions identify forward-looking statements. By their nature, forward-looking statements involve material risks and uncertainties because they relate to events and depend on circumstances that all occur in the future. Many of these risks and uncertainties relate to factors that are beyond the Prudential Group’s and/or the Enlarged Group’s abilities to control or estimate precisely, such as future market conditions, fluctuations in interest rates and exchange rates, and the performance of financial markets generally; the policies and actions of regulatory authorities, the impact of competition, inflation, and deflation; experience in particular with regard to mortality and morbidity trends, lapse rates and policy renewal rates; the timing, impact and other uncertainties of future acquisitions or combinations within relevant industries; and the impact of changes in capital standards, solvency standards or accounting standards, and tax and other legislation and regulations in the jurisdictions in which the Prudential Group and the Enlarged Group operate, together with material risks and uncertainties in relation to the Transactions including the possibility that the Transactions may not be consummated, the ability to achieve expected synergies, including in particular the expected revenue and cost synergies and the financial targets described in this announcement, and improved productivity and opportunities for growth from the Transactions. Any forward-looking statement contained in this announcement based on past or current trends and/or activities of Prudential should not be taken as a representation that such trends or activities will continue in the future. No statement in this announcement is intended to be a profit forecast or to imply that the earnings of the Prudential Group and/or the Enlarged Group for the current year or future years will necessarily match or exceed the historical or published earnings. Each forward-looking statement speaks only as of the date of the particular statement. Prudential expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in Prudential's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. In addition, all of the forward-looking statements are qualified in their entirety by the risk factors discussed in the Rights Issue Prospectus which is expected to be published today. Accordingly, undue reliance should not be placed upon those forward-looking statements.

Prudential plc is not affiliated in any manner with Prudential Financial, Inc, a company whose principal place of business is in the United States of America.

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17 May 2010

UPDATE ON COMBINATION OF THE PRUDENTIAL GROUP AND THE AIA GROUP
ANNOUNCEMENT OF RIGHTS ISSUE TERMS

Prudential plc ("Prudential") today announces further details of the proposed combination of the Prudential Group and the AIA Group, including the terms of its fully underwritten rights issue to raise approximately £14.5 billion (the "Rights Issue").

COMBINATION OF THE PRUDENTIAL GROUP AND THE AIA GROUP

As announced on 1 March 2010, Prudential has reached agreement with AIG on terms for the combination of the Prudential Group and the AIA Group. The combination will be effected through the acquisition of both Prudential (by way of the Scheme) and AIA by a new company, Prudential Group plc ("New Prudential").

AIA Aurora LLC ("AIA Aurora"), a subsidiary of AIG and the seller of AIA, will receive consideration with a notional value of US$35.5 billion, comprising:

- US$25.0 billion in cash payable at completion of the Acquisition, subject to reduction in an amount equal to the aggregate nominal value of any subordinated notes for which AIA Aurora subscribes under the Subordinated Note Commitment Letter;
- a number of New Prudential Shares having a notional value of approximately US$5.5 billion to be issued to AIA Aurora at completion of the Acquisition (expected to represent approximately 10.9% of the New Prudential share capital immediately following completion of the Acquisition);
- US$3.0 billion in aggregate principal amount of mandatory convertible notes due 2013 (convertible into New Prudential Shares) to be issued by New Prudential to AIA Aurora at completion of the Acquisition;
- US$2.0 billion in aggregate principal amount of perpetual tier one notes to be issued by Prudential (the "Tier 1 Notes"); and
- any subordinated notes for which AIA Aurora subscribes under the Subordinated Note Commitment Letter.

The cash component of the consideration will be financed through a combination of the fully underwritten Rights Issue to raise £13.8 billion (net of costs, fees and expenses), equivalent to US$20.0 billion, and one or more offerings of subordinated debt securities to institutional investors (the "Bond Offerings") to raise an amount equivalent to approximately US$5.3 billion (net of costs, fees and expenses, which are expected to be up to US$200 million) (US$5.5 billion gross). In connection with the Bond Offerings, Prudential has entered into an agreement pursuant to which the Joint Lead Arrangers will provide a committed US$5.4 billion hybrid capital facility (the "Hybrid Capital Facility") and will, at the request of Prudential, subscribe for Lower Tier 2 capital notes and/or Upper Tier 2 capital notes and/or provide Lower Tier 2 capital loans and/or Upper Tier 2 capital loans in aggregate principal value of up to US$5.4 billion to be issued by or advanced to Prudential. The Hybrid Capital Facility will be available to Prudential in the event that Prudential does not issue Lower Tier 2 capital and Upper Tier 2 capital notes in aggregate principal value of up to US$5.4 billion pursuant to the Bond Offerings. Prudential intends to raise the balance of US$100 million through its ordinary course capital markets debt issuance programmes. Prudential, AIG and AIA Aurora have also entered into an agreement (the "Subordinated Note Commitment Letter") under which, to the extent that the Joint Lead Arrangers are unable to procure subscriptions in full for the Bond Offerings for an aggregate amount equal to US$5.4 billion by the date on which the last of certain conditions in the Acquisition Agreement have been satisfied or waived, AIA Aurora has agreed to subscribe for subordinated debt securities on completion of the Acquisition in an aggregate amount equal to the lesser of: (i) US$1.875 billion; and (ii) the amount required to make the aggregate amount of subordinated debt securities subscribed for under the Bond Offerings and pursuant to the Subordinated Note Commitment Letter equal to US$5.4 billion. The effectiveness of the Subordinated Note Commitment Letter is conditional on the consent of the Joint Lead Arrangers being obtained.

Completion of the Acquisition is subject to the satisfaction of certain conditions, including Prudential shareholders approving the Scheme and the Rights Issue and certain other resolutions relating to the Transactions and obtaining the necessary regulatory and antitrust approvals (including from the FSA).

Timetable for the Transactions

The Court Meeting and the General Meeting to obtain the approval of Prudential shareholders for the necessary resolutions to implement the Transactions will take place on 7 June 2010.

Applications have been made or are to be made to the relevant authorities in those jurisdictions where consent is (or may in future be) required as a condition to the combination of the Prudential Group and the AIA Group. Certain of those consents have already been obtained.

It is anticipated that completion of the Transactions will occur during the third quarter of 2010.

Key terms of the Rights Issue

Under the terms of the Rights Issue, Prudential will issue 13,964,557,750 Rights Issue Shares at the Issue Price of 104 pence per Rights Issue Share on the basis of 11 Rights Issue Shares for every 2 Existing Shares held by Qualifying Shareholders on the Record Date of 4 June 2010. The Issue Price for HK Shareholders and Singapore Shareholders is HK$11.78.

The Issue Price of 104 pence per Rights Issue Share represents a 39.3% discount to the theoretical ex-rights price (TERP) based on the Closing Price of a Prudential Share of 542.5 pence on 14 May 2010 and a 80.8% discount to that Closing Price.

The Rights Issue is expected to raise proceeds of approximately £13.8 billion (net of fees and Transaction-related expenses) and is fully underwritten by Credit Suisse, HSBC and J.P. Morgan Cazenove together with a syndicate of other underwriters.

Credit Suisse, HSBC and J.P. Morgan Cazenove have confirmed to Prudential that they will seek to arrange a conventional sub-underwriting of the Rights Issue.

Timetable for the Rights Issue and listings

The Record Date for the Rights Issue is 4 June 2010 and trading in the Rights Issue Shares, nil paid, is expected to commence:

- on the London Stock Exchange at 8.00 a.m. (London time) on 8 June 2010;
- on the Main Board of the Hong Kong Stock Exchange at 9.30 a.m. (Hong Kong time) on 10 June 2010; and
- on the Singapore Exchange Securities Trading Limited (the "SGX-ST") at 9.00 a.m. (Singapore time) on 9 June 2010.

The last date for acceptance and payment under the Rights Issue is expected to be 23 June 2010 for UK Shareholders and HK Shareholders and 17 June 2010 for Singapore Shareholders.

Prudential's dual primary listing on the Hong Kong Stock Exchange is expected to become effective at 9.30 a.m. (Hong Kong time) on 25 May 2010. The secondary listing of Prudential Shares on the SGX-ST is expected to become effective on 25 May 2010, with trading commencing at 10.00 a.m. (Singapore time). Prudential is not proposing to offer new ordinary shares in connection with the listings in Hong Kong and Singapore, but the holders of Prudential Shares listed in Hong Kong and Singapore on the Rights Issue Record Date of 4 June 2010 will, subject to applicable securities law restrictions, be able to participate in the Rights Issue.

The procedures for moving shares in connection with the listings in Hong Kong and Singapore which were announced on 23 April 2010 remain in place with a revised timetable. In order for Prudential Shares to be registered on the Hong Kong Register by 25 May 2010, when it is expected that the Hong Kong listing will become effective, the relevant form (a Request for Removal of Securities Form, which can be obtained from Prudential's website at www.prudential.co.uk/transaction) must be received by Prudential's registrar, Equiniti Limited, by no later than 5.00 p.m. (London time) on 19 May 2010. For shares held in CREST, the stock withdrawal instruction must be settled by 3.00 p.m. (London time) on 19 May 2010. Further opportunities for moving shares to the Hong Kong Register will be provided. Further details on the process for moving shares to the Hong Kong Register, including how shares which have been moved to the Hong Kong Register and deposited in CCASS can be moved to CDP to enable them to be traded on the SGX-ST, can be found on the same website, including details about the revised timetable. The period during which shares can be moved to the Hong Kong Register without incurring any registrars' fees has been extended until 28 June 2010.

A detailed expected timetable for the Rights Issue and listings is set out in Appendix II to this announcement. Further information about the Rights Issue and the Scheme can be found in Appendix III to this announcement.

FSA supervision arrangements for the Enlarged Group

Prudential has agreed arrangements with the FSA for the future supervision of the Enlarged Group. These arrangements are designed to meet the objective that the Enlarged Group has adequate capital and appropriate systems and controls judged against the Enlarged Group's business model. The FSA will remain the Enlarged Group's lead regulator and will undertake an additional level of monitoring of the Enlarged Group's Asian business in the future, working closely with local regulators in the region. Prudential has agreed with the FSA that, in view of the risks associated with current market circumstances and the potential risks associated with the Acquisition, at, and for some time after, completion of the Acquisition it would be appropriate for Prudential to hold an enhanced level of capital. Prudential agreed that it would have, or would have a committed source of additional capital that would provide it with, group capital resources equal to not less than 150% of its group capital resources requirement after making allowance for certain stressed circumstances having occurred. The arrangements for financing the Acquisition described above and the contingent subordinated debt facility are designed to ensure that this requirement is met.

In addition, Prudential has agreed further supervisory arrangements with the FSA relating to the Enlarged Group's UK regulated firms. These will involve: (i) the appointment of at least two independent non-executive directors to the board of The Prudential Assurance Company Limited ("PAC"); (ii) the transfer of the business of PAC's branch in Hong Kong to one or more non-UK Hong Kong regulated insurance companies in the Enlarged Group, subject to the agreement of the FSA and the Hong Kong OCI, including as to the terms of the split of the inherited estate, and to the completion of the Hong Kong court process by which this "domestication" of PAC's branch in Hong Kong will be achieved; (iii) a requirement that prior agreement is obtained from the FSA before PAC provides liquidity support to other members of the Enlarged Group; and (iv) regular monitoring and reporting to the FSA of actual and potential intra-group exposures of the UK regulated firms in the Enlarged Group. The FSA has also indicated that in the future it will be less likely to allow the UK regulated firms in the Prudential Group to take credit in their solo capital assessments for contingent capital support from elsewhere in the Prudential Group than is currently the case.

INFORMATION ABOUT THE ENLARGED GROUP

The following information about the Enlarged Group should be read in conjunction with the notes set out in Part A of Appendix I to this announcement.

Structure of the Enlarged Group

Following the Scheme and the Acquisition, New Prudential will be the holding company of the Enlarged Group. Both AIA and Prudential will become wholly-owned subsidiaries of New Prudential.

Business overview

The Enlarged Group intends to organise its business into the following broad divisions:

- Asia (comprising the Asian life businesses of the Prudential Group and the AIA Group and the Asian asset management business)
- UK (comprising the UK life businesses of the Prudential Group)
- US (comprising Jackson, National Planning Holdings and Curian Capital LLC)
- Asset Management (comprising M&G).

The Enlarged Group will use both the Prudential Group brands and the AIA brands.

On an aggregated basis and without applying adjustments for the Transactions or the Rights Issue [Note 1], the Enlarged Group would have 68% of its embedded value for FY 2009 attributable to the Asian business. For FY 2009, 58% and 61% of the Enlarged Group's pre-tax EEV new business profit [Note 2] and pre-tax IFRS operating profit, in each case on an aggregated basis, was attributable to the Asian business.

Prudential's planned dual-primary listing in Hong Kong alongside the listing of Prudential Shares in London and the planned secondary listing in Singapore recognise the importance of Asia to the Enlarged Group.

Objectives, strengths and strategies

The central objective of the Enlarged Group will be to deliver sustainable value to shareholders.

To deliver this objective, the strategy of the Enlarged Group will be to meet, profitably, customers' changing needs for savings, income and protection products in its chosen markets across Asia, the US and the UK. In particular, the Enlarged Group will focus on the objective of allocating capital to the most attractive opportunities and geographical markets, both in terms of return and payback period.

The Transactions bring together two leading insurance companies to create the Enlarged Group with a business that will have a significant focus on the very attractive Asian markets, which are characterised by high GDP growth, high savings rates and very low life premium penetration. The Enlarged Group will have the opportunity to benefit from its significant presence in these growing Asian markets.

It is anticipated that the Enlarged Group will be the leading life insurer in Hong Kong, Singapore, Malaysia, Indonesia, Vietnam, Thailand and the Philippines and the leading foreign life insurance business in India and China, as well as having strong and highly cash generative operations in the US and the UK.

The following table sets forth the market position of the AIA Group and the Prudential Group and the expected market position of the Enlarged Group following the Acquisition in certain Asian insurance markets [Note 3].

Country	**AIA Group rank by market share**	**Prudential Group rank by market share**	**AIA Group and Prudential Group combined rank by market share (1)**	**New business market share of Prudential Group and AIA Group combined (2)**
Hong Kong	3	2	1	22%
Singapore	4	1	1	30%
Malaysia	4	1	1	28%
Thailand	1	12	1	25%
Indonesia	7	1	1	25%
Philippines	1	3	1	29%(c)
Vietnam	5	1	1	41%
China	1(a)	4(a)	1(a)	29%(a)
India	8(b)(3)	1(b)	1(b)	11%(b)

Notes:

(1) Combined rankings are based on (a) Prudential having been ranked as the leading life insurer in Singapore, Malaysia, Indonesia and Vietnam, (b) AIA having been ranked as the leading life insurer in the Philippines and Thailand, (c) ICICI Prudential having been ranked as the leading private life insurer in India and (d) AIA having been ranked as the leading foreign life insurer in China. Combined Hong Kong ranking based on combined market share set out above being greater than the market share of any other company in the Hong Kong life insurance market.

(2) Hong Kong, OCI; Singapore, Watson Wyatt Asian Life insurance market update, September 2009; Malaysia, LIAM, ISM (data for Prudential includes PAMB takaful sales); Thailand, TLAA; Indonesia, AAJI (AIA's second subsidiary in Indonesia (AIA Indonesia) was sold in 2009. The data above reflects only the currently owned subsidiary AIA Financial); The Philippines, individual company filings used to calculate WFYP and ranking (market share is estimated as there are no consolidated data available for the total market); Vietnam, AVI; China, NIICC: India, IRDA.

(3) It is currently intended that the AIA Group's equity interest in AIA India will be disposed of either before or around the time of completion of the Acquisition.

(a) non-domestic insurance company

(b) private insurance company

(c) based on 2008 data.

In integrating the two businesses, the Enlarged Group's core aim will be to maintain the commercial strength of both operations, while bringing together the best in class from both companies. Prudential believes that the Prudential Group's and AIA Group's businesses have highly complementary products and distribution channels across the region, which should put the Enlarged Group in a good position to capitalise on the rapid growth in these markets.

Prudential believes that the Prudential Group and the AIA Group have complementary capabilities, and key growth opportunities for the Enlarged Group will include: improvements in AIA sales force productivity based upon Prudential's agency management capabilities; value enhancement from AIA's current bancassurance relationships by leveraging Prudential's capabilities in Asia with banks such as Standard Chartered Bank, ICICI Bank Limited and United Overseas Bank Limited; managing the AIA product mix in line with Prudential's; and increasing utilisation of customer management and data mining tools.

After completion of the Acquisition, Prudential will continue to seek opportunities to enhance value for shareholders including through disposals, determined by reference to Prudential's stringent criteria of growth, profitability, capital efficiency and strategic benefit. Such disposals may also provide an effective way to accommodate the requirements of regulators (for example, in China where Prudential expects that it may be required to restructure the Enlarged Group's operations).

Integration approach and expected financial benefits

Integration approach

Rob Devey, Chief Executive of Prudential UK and Europe, has been appointed to lead the integration of the Prudential Group and AIA Group. In this capacity, he reports directly to Tidjane Thiam, Group Chief

Executive. Barry Stowe will remain Chief Executive Officer of PCA and Mark Wilson will remain Chief Executive Officer of the AIA Group.

In integrating the two businesses, the core aim will be to maintain the commercial strength of both operations. For Prudential, the Acquisition is primarily a growth focused transaction, although cost synergies will also be sought.

Prudential intends that the Enlarged Group will use both the Prudential and AIA Group brands, maintain separate agency forces and strengthen both agency forces by the sharing of best practices.

Prudential plans for the Enlarged Group's shared services in areas such as product development, risk management, branding, marketing and customer services to be integrated to the extent possible and to increase effectiveness in these areas by leveraging economies of scale. Overlapping activities between the Prudential Group and AIA Group are intended to be merged and service quality to be enhanced by sharing best practices across both groups. Integration plans will be tailored to the circumstances applicable to each country, dependent upon the relative scale of the Prudential Group's and AIA Group's businesses in each market and based on discussions with local regulators and joint venture partners.

Targets

Taking into account both the targeted revenue and cost synergies described below, in each case subject to the assumptions and costs set out in the notes in Part A of Appendix I to this announcement [Note 4], Prudential believes that it is capable of achieving:

- IFRS pre-tax operating profit [Note 5] in 2013 for the combined Asian business of the Enlarged Group of at least £3,260 million;
- EEV pre-tax new business profit in 2013 for the combined Asian business of the Enlarged Group of at least £2,800 million; and
- the remittance of at least US$1,000 million per annum from the AIA Group in 2011 and onwards.

Revenue synergies [Note 6]

Prudential believes that there is significant potential to improve the value of new business (VNB) [Note 7] of the AIA Group from the 2009 level of US$837 million pre-tax, through growth in the AIA Group's APE (from a combination of anticipated market growth and return of the AIA Group to normalised business levels from the depressed levels experienced in 2009, during which the AIA Group's VNB was severely affected by the AIG Events and the global economic crisis) and revenue synergies.

Assuming that AIA Group underlying APE as a whole will grow at a rate of 15% per annum (from a combination of anticipated market growth and the normalisation of the AIA Group's business levels) and that the revenue synergies described below are achieved, Prudential believes the AIA Group business is capable of targeting a value of new business of US$1.7 billion post-tax in 2013 from a post-tax value of new business in 2009 of US$610 million [Note 8].

From the combination of the Prudential Group and AIA Group, Prudential seeks to achieve US$800 million pre-tax (US$650 million post-tax) of annualised run-rate new business profit revenue synergies during 2013. The assumed AIA Group underlying APE growth rate of 15% per annum applies to these synergies from the period in which they are expected to be achieved. These revenue synergies are expressed net of estimated revenue dis-synergies of US$100 million pre-tax new business profit over that period, which may arise from agent attrition, perceived conflicts from the perspective of bancassurance partners and other similar factors. The implementation steps are expected to be phased in over three years and the estimated pre-tax cost of achieving these synergies is up to US$180 million, including a budget of up to US$100 million for sales costs, which will be expensed through income over the lifetime of the applicable contracts.

The following major sources of revenue synergies have been identified: managing product mix for margin improvement and a number of distribution benefits, including agency management to enhance productivity and activity, increasing effectiveness of current bancassurance partnerships and increased utilisation of customer management and data mining tools.

These are the sources of revenue synergies identified in Prudential's work to date. It is possible that further opportunities to realise revenue synergies may be identified and realised, for example from further improvements in bancassurance productivity in areas not yet quantified, enhanced capital management, portfolio rationalisation and the combination of the two asset management operations.

The pre-tax new business margins of AIA and Prudential Corporation Asia in 2009 were 40% and 57% respectively. Prudential believes that there is significant opportunity to narrow this margin gap between AIA and Prudential by managing the AIA product mix in line with Prudential's, for example by increasing the level of unit-linked product sales and the number of health and protection riders on those products.

The Enlarged Group will have an agency force in excess of 550,000 [Note 9]. The Prudential Group's agents demonstrated significantly higher levels of productivity than those of AIA in 2009, with average productivity in 2009 being higher in all markets other than Thailand. Prudential believes that its expertise will enable it to target the activity levels and the productivity of the AIA Group's agents in line with the Prudential Group's through well established proprietary recruitment, training and incentivisation processes.

Furthermore, the Enlarged Group, excluding AIA India, will have access to approximately 26,000 bank branches and Prudential believes that there is an opportunity to apply its expertise in the bancassurance channel to increase the volumes and value of sales through the AIA Group's existing bank relationships.

Finally, Prudential believes that increased utilisation of customer management and data mining tools can be effectively applied to the Enlarged Group's customers and can accelerate initiatives already underway.

Cost synergies

From the combination of the Prudential Group and AIA Group, Prudential seeks to achieve US$370 million of annualised run-rate pre-tax cost synergies during 2013. Of these targeted savings, US$200 million is planned to be generated by combining the AIA Group head office with the Asia regional head office of Prudential and US$170 million from combining in-market life business operations.

The implementation steps are expected to be phased in over three years and the estimated pre-tax cost of achieving these savings is US$380 million.

All figures relating to cost synergies reference the financial year 2009 cost base.

Regulatory capital (IGD)

Prudential's IGD capital surplus was calculated to be £3.4 billion at 31 December 2009 (before allowing for the dividend of 13.56 pence per share announced on 1 March 2010 which will be paid on 27 May 2010). Prudential forecasts that as at 1 July 2010 its IGD surplus capital following completion of the Transactions will be £5.2 billion (based on an assumed 1 July 2010 closing date and an exchange rate assumption of £1:US$1.46 at the time of closing). This forecast takes into account:

- the increase in capital surplus as a result of:
  - the gross proceeds of the proposed Rights Issue of £14.5 billion;
  - the issue to AIA Aurora of New Prudential Shares having a value of approximately £3.8 billion;
  - the issue to AIA Aurora of mandatory convertible notes and Tier 1 Notes with an aggregate principal amount of £3.5 billion;

- US$5.5 billion (£3.8 billion at the exchange rate stated above) raised pursuant to the Bond Offerings and/or as drawings under the Hybrid Capital Facility and/or issued as notes under the Subordinated Note Commitment Letter; [Note 10]

- the reduction in capital surplus as a result of the total estimated cost of the transaction of approximately £25.6 billion, that includes the acquisition price, transaction fees and £500 million of budgeted hedging costs (noting that the actual impact of the hedging arrangements on the acquisition price and the income statement will depend on the evolution of the sterling/dollar exchange rate through to completion of the Acquisition); and

- a net increase in capital surplus of £1.8 billion as a result of including the forecast IGD surplus of the AIA Group entities, changes since 31 December 2009 in net assets of Prudential eligible to be included in capital (including changes resulting from the forecast operating result less dividends paid or expected to be paid to shareholders of Prudential before 30 June 2010) and other adjustments.

Following completion of the Acquisition, certain amounts of surplus capital (that is capital in excess of the minimum that is held to meet local legal regulatory requirements) held by companies in the AIA Group will continue to be subject to restrictions on utilisation of that capital in other parts of the Enlarged Group and therefore will not be eligible to be treated as part of the IGD surplus. Prudential forecasts that (based on an assumed 1 July 2010 closing date) the amount of surplus capital restricted in this way (principally in AIA Co, AIA-B, AIA Singapore and AIA Thailand) will be approximately £1.1 billion (which is not included in the forecast IGD surplus capital of £5.2 billion referred to above).

Sensitivity analysis

Prudential has estimated the impact of the following stresses on the IGD capital for the Enlarged Group as at 1 July 2010 as follows:

- an instantaneous 20% fall in equity markets would reduce IGD surplus by £0.6 billion;
- a 40% fall in equity markets (comprising an instantaneous 20% fall followed by a further 20% fall over a four week period) would reduce the IGD surplus by £1.3 billion;

- a 150 basis point reduction (subject to a floor of zero) in interest rates would reduce the IGD surplus by £2.4 billion; and
- credit defaults of ten times the expected level would have an impact of £1.7 billion in excess of the annual reserve release.

In addition the Joint Lead Arrangers have entered into a contingent subordinated debt financing facility to Prudential of up to £1 billion. This facility would only be available to be drawn during the period of twelve months following the completion of the Acquisition, on the occurrence of certain stresses on Prudential's IGD capital. Prudential is entitled to extend the availability of the facility for a further twelve months at its option. If drawn, the facility will provide Prudential with capital resources to enhance its IGD capital at the relevant time. The facility will provide for Lower Tier 2 loans with a term of six years. The amount drawn will replenish the IGD capital to the amount referred to above under "FSA supervision arrangements for the Enlarged Group". There will be limited conditions to drawing the facility. If drawn, the Joint Lead Arrangers will have the right to exchange the drawings under the facility for Lower Tier 2 notes and/or Upper Tier 2 notes. Drawings under the facility will be used to prepay any amounts outstanding under the Bridge Facility. The commitments under the facility will be mandatorily cancelled, and, subject to FSA approval, any drawings under the facility will be mandatorily prepaid, by an amount equal to the capital benefit arising from (a) any disposals by the Enlarged Group and (b) any capital release from any member of the Enlarged Group, in each case which is counted towards Prudential's IGD capital ratios. The commitments under the facility will also be mandatorily cancelled by an amount equal to the proceeds of any other issuance of regulatory capital by Prudential (except where such issuance is used to refinance or replace any existing regulatory capital instruments). Whilst the facility is in place, Prudential will be subject to restrictions on making acquisitions and on paying dividends which are not consistent with the group dividend policy as described below.

Dividend policy

The Directors intend to focus on delivering a growing dividend for the Enlarged Group, which will be determined after taking into account the Enlarged Group's financial flexibility and the Directors' assessment of opportunities to generate attractive returns by investing in specific areas of the business. The Board believe that in the medium term a dividend cover of two times post-tax operating earnings is appropriate.

The 2010 interim dividend is expected to reflect the pro forma earnings of the Enlarged Group as if the Acquisition had taken place on 1 January 2010.

PRUDENTIAL CURRENT TRADING

New record for first quarter

In the first quarter of 2010, APE new business sales across the Prudential Group was £807 million, up 26% (first quarter 2009: £640 million), and new business profit was £427 million, up almost £100 million and 27% (first quarter 2009: £336 million). Further detail is provided in the Interim Management Statement of Prudential which has been released separately today. IGD surplus for Prudential is estimated at £3.4 billion as at 31 March 2010.

FINANCIAL INFORMATION ABOUT THE AIA GROUP

2009 financial year

The EEV of the AIA Group as at 30 November 2009 (prepared in accordance with the methodology adopted by Prudential) was US$22.0 billion. This compares with the previously announced figure of US$21.0 billion which was prepared on the basis of AIA's traditional embedded value methodology (as set out in Prudential's announcement regarding the transaction on 1 March 2010).

On the basis of Prudential's accounting policies and basis for presentation, the EEV post-tax new business profits of the AIA Group for 2009 were $610 million and the IFRS pre-tax operating profits for the same period were US$1,836 million.

First quarter 2010 results for the AIA Group

The following information was prepared by Prudential on a basis consistent with Prudential's reporting basis for the comparable periods based on unaudited financial data extracted from AIA's management accounts. It should be read in conjunction with the notes set out in Part B of Appendix I to this announcement

Sales — APE	**3 months to 28 February 2010**	**3 months to 28 February 2009**	**% change**
	$m	$m	
Hong Kong	96	85	13
Singapore and Brunei	31	21	48

Thailand	97	69	41
Korea	76	68	12
China	44	37	19
Malaysia	28	23	22
Other markets	83	90	(8)
Group Total	455	393	16

<u>**New business profit**</u>		**3 months to 28 February 2010**	**3 months to 28 February 2009**	**% change**
		$m	**$m**	
Group total	**— pre tax**	**198**	**150**	32
	— post tax	**141**	**107**	32

<u>**Margin — APE %**</u>		**3 months to 28 February 2010**	**3 months to 28 February 2009**	**+/- % pts**
Group total	**— pre tax**	**44**	38	+6pts
	— post tax	**31**	27	+4pts

In the first quarter of 2010 new business APE sales grew by 16% over the first quarter of 2009 at actual exchange rates.

The first quarter 2010 growth was driven by strong single premium sales due to the improvement in investor sentiment as stock markets recovered. This growth was particularly strong in Singapore and Thailand where new business APE sales increased in the first quarter of 2010 by 48% and 41% respectively.

Other markets new business APE sales in the first quarter of 2010 decreased by 8%. The main contributing factor for this was a 33% decrease in APE in Australia, where the first quarter 2009 included new business in respect of two large new group schemes.

The increase in the first quarter 2010 pre tax new business margin to 44% from 38% reflects improvements in pricing and product mix over those sold during the financial year ended 30 November 2009.

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Brunswick Hong Kong: Tim Payne / Karin Wong / Nina Soon	+852 3512 5000		

Media and analysts

There will be a conference call for wire services today at 7.30 a.m. (BST / GMT+1) hosted by Tidjane Thiam, Group Chief Executive. Dial in telephone number: +44 (0)20 7075 1520 Passcode: 606607#

A presentation for investors and analysts will take place today at 9.30 a.m. (BST / GMT+1) at The Auditorium, Goldman Sachs, River Court, 120 Fleet Street, London, EC4A 2BB. The dial in number from the UK is: +44 (0)20 8817 9301 Passcode 2745931. An audio cast of the presentation and the presentation slides will be available on the Group website, www.prudential.co.uk/transaction.

High resolution photographs are available to the media free of charge at www.newscast.co.uk, by calling newscast on +44 (0)20 3137 9137 or by calling Prudential's media office on +44 (0)20 7548 2466. B-roll is available from Visual Media on +44 (0)207 613 2555.

Documents to be published

When published, documents will be available from Prudential's website at www.prudential.co.uk/transaction.

The following documents are expected to be published today in the UK and in Hong Kong and Singapore by 18 May 2010:
- Rights Issue Prospectus
- New Prudential Prospectus
- Circular (including notices convening the Court Meeting and General Meeting)
- 2010 Q1 Interim Management Statement.

The following documents are expected to be published on 18 May 2010:
- Hong Kong Formal Notice
- Hong Kong Listing Document
- Hong Kong Supplemental Listing Document.

The defined terms used in this announcement are set out in Appendix IV to this announcement.

This announcement has been issued by and is the sole responsibility of Prudential.

This announcement is not a prospectus but an advertisement and investors should not acquire Rights Issue Shares referred to in this announcement except on the basis of the information contained in the Rights Issue Prospectus and/or the New Prudential Prospectus.

This announcement is for information purposes only and is not intended to and does not constitute or form any part of any offer or invitation to subscribe for or purchase any securities or the solicitation of any offer to subscribe for, purchase, or otherwise acquire any securities.

Credit Suisse, HSBC and J.P. Morgan Cazenove and the other underwriters are acting solely for Prudential in relation to the matters set out in this announcement (in each case, to the extent applicable) and will not regard as a client anyone (whether or not a recipient of this announcement) other than Prudential in connection with the HK Introduction, the Transactions, the UK Introduction or the Rights Issue and will not be responsible to anyone (whether or not a recipient of this announcement) other than Prudential for providing the protections afforded to their clients or for providing advice to anyone other than Prudential in connection with the HK Introduction, the Transactions, the UK Introduction or the Rights Issue or any other matter referred to herein.

Ondra Partners, which is authorised and regulated in the United Kingdom by the FSA, is acting as financial adviser solely for Prudential and no one else in connection with the Rights Issue, the Acquisition and the Scheme and will not regard as a client anyone (whether or not a recipient of this announcement) other than Prudential in connection with the Rights Issue, the Acquisition and the Scheme and will not be responsible to anyone (whether or not a recipient of this announcement) other than Prudential for providing the protections afforded to its clients nor for providing advice to anyone other than Prudential in connection with the Rights Issue, the Acquisition, the Scheme or any other matter referred to herein. Apart from the responsibilities and liabilities, if any, which may be imposed on Ondra Partners by FSMA 2000 or the regulatory regime established thereunder, Ondra Partners accepts no responsibility whatsoever for, nor makes any representation or warranty, express or implied, in relation to, the contents of this announcement, including its accuracy, completeness or verification or for any other statement purported to be made by it, or on behalf of it in connection with Prudential, the Rights Issue Shares, the Nil Paid Rights, the Fully Paid Rights or the Rights Issue. Ondra Partners accordingly disclaims all and any responsibility and liability whether arising in tort, contract or otherwise (save as referred to above) which it might otherwise have in respect of this document or any such statement.

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The underwriters of the Rights Issue may, in accordance with applicable legal and regulatory provisions and subject to the Underwriting Agreement, engage in transactions in relation to the Nil Paid Rights, the Fully Paid Rights, the Rights Issue Shares, Prudential Shares and/or related instruments for their own account. Except as required by applicable law or regulation, the underwriters do not propose to make any public disclosure in relation to such transactions.

No person has been authorised to give any information or to make any representations other than those contained in this announcement and, if given or made, such information or representations must not be relied on as having been authorised by Prudential, Credit Suisse, HSBC, J.P. Morgan Cazenove or the other underwriters.

The information contained in this announcement is not for release, publication or distribution, directly or indirectly, to persons in the United States, New Zealand, Japan, India, Malaysia or South Africa and should not be distributed, forwarded to or transmitted in or into any jurisdiction where to do so might constitute a violation of local securities laws or regulations.

The announcement is not an offer for sale of or a solicitation of any offer to buy securities in the United States, New Zealand, Japan, India, Malaysia or South Africa or any other jurisdiction. Securities may not be offered or sold in the United States absent of registration with the United States Securities and Exchange Commission or an exemption from registration under the US Securities Act. The Rights Issue Shares and other securities mentioned in this announcement have not been and, if and when issued in connection with the transactions, have not been and will not be registered under the US Securities Act or under the securities laws of any state or territory of the United States and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, in or into the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with state securities laws. Prudential does not intend to register any part of the offering of any of the securities referred to herein in the United States or to conduct a public offering of such securities in the United States.

This announcement does not constitute an offering circular or prospectus in connection with an offering of securities of Prudential. Investors must neither accept any offer for, nor acquire, any securities to which this announcement refers, unless they do so on the basis of the information contained in the Prospectus to be published or Circular to be distributed by Prudential. This document does not constitute an offer to sell or the solicitation of an offer to buy or subscribe for, any securities and cannot be relied upon for any investment contract or decision.

The distribution of this announcement into jurisdictions other than the United Kingdom, Hong Kong or Singapore may be restricted by law. No action has been taken by Prudential or any of Credit Suisse, HSBC, J.P. Morgan Cazenove or the other underwriters that would permit an offering of such rights or shares or possession or distribution of this announcement in any jurisdiction where action for that purpose is required. Persons into whose possession this announcement comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Neither the content of Prudential's website nor any website accessible by hyperlinks on Prudential's website is incorporated in, or forms part of, this announcement.

This announcement contains or refers to 'forward-looking statements' with respect to certain of the Prudential Group's and the Enlarged Group's plans and its current goals and expectations relating to its future financial condition, performance, results, strategy and objectives. Generally, words such as "may", "could", "will", "expect", "intend", "estimate", "anticipate", "believe", "plan", "seek", "continue" or similar expressions identify forward-looking statements. By their nature, forward-looking statements involve material risks and uncertainties because they relate to events and depend on circumstances that all occur in the future. Many of these risks and uncertainties relate to factors that are beyond the Prudential Group's and/or the Enlarged Group's abilities to control or estimate precisely, such as future market conditions, fluctuations in interest rates and exchange rates, and the performance of financial markets generally; the policies and actions of regulatory authorities, the impact of competition, inflation, and deflation; experience in particular with regard to mortality and morbidity trends, lapse rates and policy renewal rates; the timing, impact and other uncertainties of future acquisitions or combinations within relevant industries; and the impact of changes in capital standards, solvency standards or accounting standards, and tax and other legislation and regulations in the jurisdictions in which the Prudential Group and the Enlarged Group operate, together with material risks and uncertainties in relation to the Transactions including the possibility that the Transactions may not be consummated, the ability to achieve expected synergies, including in particular the expected revenue and cost synergies and the financial targets described in this announcement, and improved productivity and opportunities for growth from the Transactions. Any forward-looking statement contained in this announcement based on past or current trends and/or activities of Prudential should not be taken as a representation that such trends or activities will continue in the future. No statement in this announcement is intended to be a profit forecast or to imply that the earnings of the Prudential Group and/or the Enlarged Group for the current year or future years will necessarily match or exceed the historical or published earnings. Each forward-looking statement speaks only as of the date of the particular statement. Prudential expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in Prudential's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. In addition, all of the forward-looking statements are qualified in their entirety by the risk factors discussed in the Rights Issue Prospectus which is expected to be published today. Accordingly, undue reliance should not be placed upon those forward-looking statements.

Prudential plc is not affiliated in any manner with Prudential Financial, Inc, a company whose principal place of business is in the United States of America.

APPENDIX I: NOTES TO FINANCIAL INFORMATION

Part A: Information about the Enlarged Group

The section of this announcement headed "Information about the Enlarged Group" should be read in conjunction with the following notes:

Note 1 As set out in the unaudited pro forma net asset statement and unaudited pro forma income statement which will be set out in the Rights Issue Prospectus and which have been prepared to illustrate the effect on the net assets of the Prudential Group as if the proposed Transactions had taken place on 31 December 2009 and the effect on Prudential Group as if the proposed Transactions had taken place on 1 January 2009, respectively. The unaudited pro forma net asset statement and unaudited pro forma income statement have been prepared for illustrative purposes and because of their nature address a hypothetical situation and, therefore, do not represent the Enlarged Group's actual financial results or financial position following the Transactions. The unaudited pro forma net asset statement and unaudited pro forma income statement of the Enlarged Group set out in the Rights Issue Prospectus do not constitute financial statements.

Note 2 The EEV basis supplementary information for the Prudential Group has been prepared in accordance with the EEV Principles and Guidance issued in May 2004 by the Chief Financial Officers' Forum of European Insurance Companies and expanded by the additional guidance on EEV disclosures issued in October 2005. The EEV methodology used for AIA Group is also in accordance with the same EEV principles and guidance except for certain disclosure points to be set out in the Rights Issue Prospectus. As such, the EEV methodologies used for both companies are in accordance with the EEV principles; however the principles do allow for different approaches to be taken by companies. There are two principal differences between the EEV methodology adopted by Prudential and that used for AIA Group, which are (i) the way that risk is allowed for in the embedded value calculations and (ii) the way that long term economic assumptions are set. Both approaches are acceptable under the EEV principles. It is important to note that each of these differences should not be considered in isolation, but together with the other differences as part of the entire EEV basis i.e. the risk discount rates should be considered in conjunction with the long term economic assumptions rather than separately and vice versa.

Note 3 The rankings have been measured for 2008 or 2009 using sources and methodologies selected by Prudential. A description of certain of these sources and methodologies will be set out in the Rights Issue Prospectus. Save where otherwise stated in the Rights Issue Prospectus, the market share percentages of the Enlarged Group have been based on weighted new business premiums in each market for 2009.

Note 4 All the targets assume (i) constant exchange rates, including a £:US$ exchange rate of £1:US$1.5224; (ii) no business acquisitions; (iii) no change in the accounting, regulatory or tax environment, including any application of any accounting, regulatory or tax regulations by Prudential, its independent auditors or any relevant regulatory authority in any jurisdiction during the period; (iv) all regulatory and anti-trust approvals for changes of control will be received in all markets without impediments to combine legal entities or develop shared operational functions (for the avoidance of doubt no assumption is made that any of the restrictions on the utilisation of capital referred to under "Regulatory capital (IGD)" in this announcement are lifted except to the extent the relevant regulator has at the date of this announcement agreed to lift such restrictions); and (vi) a normalised economic environment consistent with the economic assumptions made by Prudential in calculating the EEV basis supplementary information for the Prudential Group for the year ended 31 December 2009 as set out in the Rights Issue Prospectus.

Note 5 Based on the Prudential basis of IFRS operating profit based on long-term investment returns and before amortisation of acquired value in-force and one-time costs of achieving synergies and transaction (including hedging) costs.

Note 6 All revenue and cost synergies assume that (i) the Acquisition closes on 1 July 2010; (ii) all regulatory and anti-trust approvals for changes of control will be received in all markets without impediments to combine legal entities or develop shared operational functions (for the avoidance of doubt no assumption is made that any of the restrictions on the utilisation of capital referred to referred to under "Regulatory capital (IGD)" in this announcement are lifted except to the extent the relevant regulator has at the date of this announcement agreed to lift such restrictions); (iii) no change in the accounting, regulatory or tax environment, including any application of any accounting, regulatory or tax regulations by Prudential, its independent auditors or any relevant regulatory authority in any jurisdiction during the period; and (iv) the planned cost savings or headcount reductions will not be impeded by factors such as government or regulatory intervention, industrial action or other external factors.

Note 7 The value of new business (VNB) is the embedded value of new insurance contracts written in the year.

Note 8 In relation to synergies, the tax rate has been derived from the pre and post tax calculation of the AIA Group embedded value. The tax rates used were the tax rates for individual countries. These tax rates have been held constant for all synergy calculations.

Note 9 Excludes AIA agency force in India as it is currently intended that the AIA Group's equity interest in AIA India will be disposed of before or around the time of completion of the Acquisition.

Note 10 As outlined under "Combination of the Prudential Group and the AIA Group" in this announcement.

Part B: First quarter 2010 results for the AIA Group

The section of this announcement headed "First quarter 2010 results for the AIA Group" should be read in conjunction with the following notes.

EEV new business methodology and assumptions
Valuation of new business
The contribution from new business has been prepared in accordance with the EEV principles and guidance issued in May 2004 by the European Insurers' CFO Forum except for certain disclosure points (such that they relate to the new business contribution for the 12 months to 30 November 2009).

The new business contribution represents the profits determined by applying the same operating and economic assumptions as those used for the 30 November 2009 value of in-force business. The only exception to this is for Hong Kong and Thailand where the long term returns were used for the whole projection period as opposed to grading to market yields. The impact of this difference is immaterial.

In determining the cost of required capital, the more onerous (at 30 November 2009) of the local entity reserving and regulatory capital basis and the Hong Kong basis (at 150% of regulatory capital) for branches of AIA and AIA-B has been assumed.

The new business contribution for 2010 does not allow for any excess of acquisition expenses over the unit cost assumptions. This assumption is consistent with the preparation of the new business contribution for the 12 months to 30 November 2009.

Principal economic assumptions

- The same economic assumptions have been used to determine the new business contribution for the 3 months ending 28 February 2010 and the 3 months ending 28 February 2009. This is appropriate as, given the fact that the new business is largely regular premium business, the key economic assumptions impacting the new business contribution are the long-term assumptions. These assumptions are not expected to vary significantly between 2009 and 2010.
- Initial returns on fixed income assets have been based on current market yields, adjusted for the risk of default.
- Long term returns for fixed income assets reflect expected returns having regard to historical returns, estimates of long term forward rates from yields available on government bonds and current bond yields.
- Where initial returns on fixed interest assets differ markedly from long term returns, returns are assumed to grade to the long term returns linearly over the estimated mean term of the existing fixed interest assets.
- Equity returns have been determined by reference to the projected long term yield on 10-year government bonds plus an equity risk premium which varies by territory with a maximum risk premium of 600 basis points.
- Risk discount rates are set equal to risk-free rates plus a risk margin. The risk margin reflects any non-diversifiable risk associated with the emergence of distributable earnings that is not allowed for elsewhere in the valuation.

The tables below summarise the principal financial assumptions at 28 February 2010 and 28 February 2009:

	Australia %	China %	Hong Kong %	Indonesia (USD denominated) %	Indonesia (Rupiah denominated) %	Korea %
New business risk discount rate	9.0	10.0	8.0	12.5	17.0	10.0
Government bond yield	5.75	3.7	3.8	6.9	11.0	5.2

	Malaysia %	New Zealand %	Philippines %	Singapore & Brunei %	Taiwan %	Thailand %	Vietnam %
New business risk discount rate	9.0	9.0	14.0	7.5	8.0	10.0	16.0
Government bond yield	4.5	6.3	7.5	2.9	1.7	4.2	9.25

	AIA Group Total	
	28 February 2010	**28 February 2009**
	%	**%**
New business weighted risk discount rate (note)	**9.5**	9.3

Note:
The weighted risk discount rates shown for the AIA Group above have been determined by weighting each country's risk discount rates by reference to the EEV basis new business result.

Approach to estimate the new business contribution for the 3 months ended 28 February 2009
The new business contribution for the 3 months ended 28 February 2009 has been estimated assuming that new business margins (as a percentage of APE) for each product group within each territory are the same as for the 12 months ended 30 November 2009. It has therefore been implicitly assumed that the mix of business within each product group has remained unchanged during the 12 months ended 30 November 2009. Should this product mix have changed during this period, the new business contribution for the 3 months ended 28 February 2009 could be materially different to that shown.

Foreign exchange rates
Foreign currency profits have been translated at average exchange rates for the period. The principal exchange rates are as follows:

Local currency: USD $	**Average for 3 months to 28 February 2010**	**Average for 3 months to 28 February 2009**
	$m	$m
China	6.83	6.85
Hong Kong	7.75	7.75
Korea	1,154.30	1,384.60
Malaysia	3.40	3.59
Singapore	1.40	1.49
Thailand	33.14	35.09

Other information
In addition, AIG provided to Prudential the following unaudited information on AIA's results for the fiscal quarters ended 28 February 2010 and 2009, prepared for inclusion as a discontinued operation in AIG's unaudited consolidated financial statements prepared in accordance with US generally accepted accounting principles (US GAAP) for the three months ended 31 March 2010 as follows:

(US $ in millions)(unaudited)	**Q1 2010**	**Q1 2009**
Total Revenues:	3,175	2,787
Pre-tax Income:	658	390

The information on Total Revenues and Pre-tax Income shown above is not necessarily indicative of how AIA's results may have been presented if separate stand-alone financial statements had been prepared on either a US GAAP or an IFRS basis (as used by Prudential).

Further detail (including as to the basis of preparation of the financial information relating to the AIA Group set out above) will be provided in the Rights Issue Prospectus which is expected to be published later today in the UK.

APPENDIX II: EXPECTED TIMETABLE

The expected timetable for certain key events is set out below. All references to time are to London time unless otherwise stated. The Rights Issue Prospectus, which is expected to be published later today, contains a full expected timetable of principal events for the Rights Issue in the UK, Hong Kong and Singapore.

Publication of Rights Issue Prospectus, New Prudential Prospectus, Circular and 2010 Q1 Interim Management Statement in the UK	17 May 2010
First deadline for return of Request for Removal of Securities Forms to move shares to the Hong Kong Register	5.00 p.m. on 19 May 2010 (see Note 2 below)
Annual General Meeting	11.00 a.m. on Wednesday 19 May 2010 (see Note 1 below)
Listing of Prudential's ordinary shares on the Hong Kong Stock Exchange becomes effective	9.30 a.m. (Hong Kong time) on 25 May 2010
Commencement of trading of Prudential's ordinary shares on the SGX-ST	10.00 a.m. (Singapore time) on 25 May 2010
Dividend payment date	27 May 2010
Suspension of removals of Existing Shares between the UK Register and the Hong Kong Register	1 June 2010
Existing Shares marked "ex-rights" on the SGX-ST	9.00 a.m. (Singapore time) on 2 June 2010
Existing Shares marked "ex-rights" by the Hong Kong Stock Exchange	9.30 a.m. (Hong Kong time) on 3 June 2010
Record date for entitlements under the Rights Issue	4 June 2010
Reconvened Annual General Meeting	**11.00 a.m. on 7 June 2010**
Court Meeting	**11.15 a.m. on 7 June 2010 (see Note 3 below)**
General Meeting	**11.20 a.m. on 7 June 2010 (see Note 4 below)**
Expected date of despatch of Provisional Allotment Letters (to UK Shareholders who hold shares in uncertificated form only)	7 June 2010
Dealings in Rights Issue Shares, nil paid, commence on the London stock Exchange	8.00 a.m. on 8 June 2010
Existing Shares marked "ex-rights" by the London Stock Exchange	8.00 a.m. on 8 June 2010
Suspension of removals of Existing Shares from the UK principal register to the Hong Kong Register ends	8 June 2010
Expected date of despatch of Provisional Allotment Letters (to Qualifying Shareholders who are HK Shareholders)	8 June 2010
Dealings in Nil Paid Rights commence on the SGX-ST	9.00 a.m. (Singapore time) on 9 June 2010
Dealings in Rights Issue Shares, nil paid, Dealings in Nil Paid Rights commence on the Hong Kong Stock Exchange commence on the Hong Kong Stock Exchange	9.30 a.m. (Hong Kong time) on 10 June 2010
Latest time and date in Singapore for acceptance of Singapore Application Forms	5.00 p.m. (Singapore time) on 17 June 2010
Latest time and date in Singapore for acceptance of electronic applications via ATMs	9.30 p.m. (Singapore time) on 17 June 2010
Latest time and date in Hong Kong for acceptance and payment in full and registration of Provisional Allotment Letters	4.00 p.m. (Hong Kong time) on 23 June 2010
Latest time and date in the UK for acceptance, payment in full and registration of renunciation of Provisional Allotment Letters	11.00 a.m. on 23 June 2010
Announcement of results of the Rights Issue	by 24 June 2010
Dealings in Rights Issue Shares, fully paid, commence on the London Stock Exchange	8.00 a.m. on 24 June 2010
Rights Issue Shares credited to CREST stock accounts	8.00 a.m. on 24 June 2010
CDP to credit securities account holders	after 5.00 p.m. (Singapore time) on 25 June 2010
Rights Issue Shares credited to stock accounts in CCASS	25 June 2010
Dealings in Rights Issue Shares, fully paid, commence on the Hong Kong Stock Exchange	by 9.30 a.m. (Hong Kong time) on 28 June 2010
Dealings in Rights Issue Shares, fully paid, commence on the SGX-ST	9.00 a.m. (Singapore time) on 28 June 2010

Note 1: In order to minimise the inconvenience to shareholders of having two shareholder meetings within a short period, the Board proposes to adjourn the Annual General Meeting on 19 May 2010 and to reconvene it at 11.00 a.m. on 7 June 2010.

Note 2: For shares held in CREST, the stock withdrawal instruction must be settled by 3.00 p.m. (London time) on 19 May 2010. Further opportunities for shareholders to move shares to the Hong Kong Register at no charge will be available until 28 June 2010. After 29 June 2010 shareholders will be able to move shares between the principal register in the UK and the Hong Kong Register by paying the applicable registrars' fees.

Note 3: Or as soon thereafter as the reconvened Annual General Meeting concludes or is further adjourned.

Note 4: Or as soon thereafter as the Court Meeting is concluded or adjourned.

APPENDIX III: FURTHER INFORMATION ABOUT THE RIGHTS ISSUE AND THE SCHEME

Further information about the Rights Issue

The Record Date for the Rights Issue is 4 June 2010. HK Shareholders and Singapore Shareholders registered by that date will qualify to participate in the Rights Issue. The Issue Price for HK Shareholders and Singapore Shareholders is HK$11.78 per Rights Issue Share, which was calculated using the £/HK$ exchange rate of 11.3277, the noon buying rate on 14 May 2010.

The latest date for acceptance and payment under the Rights Issue is expected to be:

- for UK Shareholders, 11.00 a.m. (London time) on 23 June 2010;
- for HK Shareholders, 4.00 p.m. (Hong Kong time) on 23 June 2010; and
- for Singapore Shareholders, 5.00 p.m. and 9.30 p.m. (Singapore time) on 17 June 2010 for acceptances by Singapore Application Forms and ATM respectively.

The Rights Issue Shares will, when issued and fully paid, rank *pari passu* with the Existing Shares, including the rights to receive all dividends or distributions declared with a record date falling after the date of issue of the Rights Issue Shares. Accordingly, the dividend of 13.56 pence per share which was announced on 1 March 2010, for which the record date is 9 April 2010, will not be paid in respect of any Rights Issue Shares.

The Rights Issue is conditional, amongst other things, upon the passing of the Rights Issue Resolution (which is itself conditional upon the passing of the Scheme Resolutions) and the Underwriting Agreement having become unconditional in all respects (other than the condition relating to UK Admission) and not having been terminated in accordance with its terms prior to UK Admission. The Rights Issue is not conditional on completion of the Acquisition or the Scheme. However, if before UK Admission the Acquisition Agreement has been terminated or the conditions to the Acquisition Agreement cease to be capable of satisfaction and, if capable of waiver, have not been waived, the Rights Issue will not proceed.

If completion of the Acquisition does not occur, which Prudential believes is unlikely, Prudential's current intention is that the net proceeds of the Rights Issue will be invested on a short-term basis while Prudential considers how the net proceeds of the Rights Issue (after deduction of Rights Issue and Transaction-related expenses and hedging costs) may be returned to Prudential's shareholders. In considering how any such proceeds might be returned to Prudential's shareholders Prudential will take into account, amongst other things, the tax implications for Prudential's shareholders.

Prudential released an announcement on 23 April 2010 setting out the procedures for shareholders to remove shares from Prudential's principal register of members to its Hong Kong Register, including details of special arrangements which have been put in place in connection with the introduction on the Hong Kong Stock Exchange. The announcement is available from Prudential's website at www.prudential.co.uk/transaction. Removals between the principal register and the Hong Kong Register will be suspended from 3.00 p.m. (London time) on 1 June 2010 until 8.00 a.m. (London time) on 8 June 2010 in the UK and from 4.30 p.m. (Hong Kong time) on 1 June 2010 until 9.30 a.m. (Hong Kong time) on 8 June 2010 in Hong Kong.

Since the Issue Price for HK Shareholders and Singapore Shareholders is in HK$ whereas the Issue Price for UK Shareholders is in pounds sterling, it will not be possible to move Nil Paid Rights arising from the provisional allotment of Rights Issue Shares to HK Shareholders (which are rights to acquire Rights Issue Shares to be registered on the HK Register) into rights to acquire Rights Issue Shares to be registered on the UK register

Further details on how shareholders who hold an interest in Prudential Shares in CCASS and wish to trade them on the SGX-ST can move shares to CDP will be provided in the Rights Issue Prospectus. Movements into and out of CDP's account in CCASS will also be suspended from 5.00 p.m. (Singapore time) on 1 June 2010 to 9.00 a.m. (Singapore time) on 8 June 2010 in Singapore and from 4.30 p.m. (Hong Kong time) on 1 June 2010 until 9.00 a.m. (Hong Kong time) on 8 June 2010 in Hong Kong.

The full terms and conditions of the Rights Issue will be set out in the Rights Issue Prospectus.

Further information about the Scheme

The acquisition of Prudential by New Prudential pursuant to the Scheme is not conditional upon completion of the Rights Issue or the Acquisition.

Under the terms of the Scheme, the Prudential Shares will be cancelled and, in consideration for this cancellation, Prudential shareholders on the register at the Scheme Record Time will receive one New Prudential Share for each Prudential Share.

Implementation of the Scheme requires, amongst other things, approval of Prudential shareholders at the Court Meeting and the General Meeting to be held on 7 June 2010.

The Annual General Meeting has been convened for 11.00 a.m. (London time) on 19 May 2010. In order to minimise the inconvenience to shareholders of having two shareholder meetings within a short period, the Board proposes to adjourn the Annual General Meeting on 19 May 2010, and to reconvene it at 11.00 a.m. (London time) on 7 June 2010. The reconvened Annual General Meeting, and the Court Meeting and the General Meeting, will be held at The Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London SW1P 3EE. One of the consequences of adjourning the Annual General Meeting is that, in order to pay a dividend of 13.56 pence per share on 27 May 2010 (as announced on 1 March 2010), that dividend will be paid as a second interim dividend.

Further information about the Scheme will be set out in the Circular and the New Prudential Prospectus.

APPENDIX IV: DEFINITIONS

Acquisition	the proposed purchase of the AIA Group by New Prudential pursuant to the terms of and subject to the conditions in the Acquisition Agreement;
Acquisition Agreement	the agreement (as amended) between AIA Aurora LLC, AIG, Prudential and New Prudential for the acquisition of the entire issued share capital of AIA by New Prudential;
AIA	AIA Group Limited;
AIA Aurora	AIA Aurora LLC, a subsidiary of AIG;
AIA-B	American International Assurance Company (Bermuda) Limited;
AIA Co	American International Assurance Company Limited, an AIA subsidiary;
AIA Group	AIA and all of its subsidiaries and branches;
AIA India	Tata AIG Life Insurance Company Limited, a joint venture between Tata Sons Limited and AIA-B;
AIA Singapore	the business and operations of AIA Co's Singapore branch;
AIA Thailand	the business and operations of AIA Co's Thailand branch;
AIG	American International Group, Inc.;
APE or annual premium equivalent	a measure of new business activity that is calculated as the sum of annualised regular premiums from new business plus 10% of single premiums on new business written during the period;
bancassurance	the distribution of insurance products through bank branches and/or joint ventures with banks;
Board	the board of Directors;
Bond Offerings	has the meaning given to that term in the section of this announcement headed "Combination of the Prudential Group and the AIA Group";
CCASS	the Central Clearing and Settlement System established and operated by HKSCC;
CDP	The Central Depository (Pte) Limited, which operates the Central Depository System for the holding and transfer of book-entry securities traded on the SGX-ST;
Circular	the circular expected to be dated 17 May 2010 to be sent to the holders of Prudential Shares containing details of the Transactions;
Closing Price	the closing middle market quotation in pounds sterling of a Prudential Share, as published in the daily Official List of the London Stock Exchange;
Court	the High Court of Justice in England and Wales;
Court Meeting	the meeting of the holders of Prudential Shares convened by order of the Court pursuant to section 896 of the UK Companies Act 2006 to consider, and if thought fit, approve the Scheme (with or without amendment), and any adjournment thereof;
Credit Suisse	Credit Suisse Securities (Europe) Limited;
Directors	before the Scheme becomes effective, the directors from time to time of Prudential and after the Scheme becomes effective, the directors from time to time of New Prudential;

European Embedded Value or the EEV	financial results prepared in accordance with a set of Principles issued by the Chief Financial Officers' Forum of European Insurance Companies in May 2004 and expanded by the Additional Guidance of EEV Disclosures published in October 2005;
Enlarged Group	the group of companies, which will following completion of the Acquisition and the Scheme, comprise New Prudential, the Prudential Group and the AIA Group;
Existing Shares	the Prudential Shares in issue at the date of the Rights Issue Prospectus and, following their issue, the Prudential Shares expected to be issued on 27 May 2010 to shareholders who have elected to receive the scrip dividend alternative for the 2009 final dividend;
FSA	the Financial Services Authority, granted powers as a regulator under FSMA 2000;
FSMA 2000	the Financial Services and Markets Act 2000, as amended;
Fully Paid Rights	rights to acquire Rights Issue Shares, fully paid;
General Meeting	the meeting of the holders of the Prudential Shares to consider, and if thought fit, approve the Rights Issue Resolution and other resolutions in relation to the Transactions, including any adjournment thereof;
HK or Hong Kong	the Hong Kong Special Administrative Region of the People's Republic of China;
HK Introduction	the introduction of the Existing Shares to listing and commencement in dealings on the Main Board of the Hong Kong Stock Exchange;
HKSCC	Hong Kong Securities Clearing Company Limited;
HK Shareholders	holders of Prudential Shares who are registered on the HK branch register on the Record Date;
Hong Kong Register	the Hong Kong overseas branch register of members of Prudential;
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited;
HSBC	HSBC Bank plc;
Hybrid Capital Facility	has the meaning given to that term in the section of this announcement headed "Combination of the Prudential Group and the AIA Group";
IFRS	International Financial Reporting Standards;
IGD surplus	the Prudential Group's solvency surplus measured in accordance with the EU Insurance Groups Directive;
Irish Register	the Irish overseas branch register of members of Prudential;
Issue Price	104 pence per Rights Issue Share or, for HK Shareholders and Singapore Shareholders, HK$11.78 per Rights Issue Share (being the Hong Kong dollar equivalent of 104 pence using the £:HK$ noon buying rate on 14 May 2010 as derived from Bloomberg (as the case may be);
Jackson	Jackson National Life Insurance Company, a wholly-owned subsidiary of Prudential;
Joint Lead Arrangers	Credit Suisse and its affiliates, HSBC and its affiliates and J.P. Morgan Cazenove and its affiliates;
J.P. Morgan Cazenove	J.P. Morgan plc in its role as financial advisor to the Transactions or J.P. Morgan Securities Ltd. in its role as joint sponsor, joint global coordinator, joint bookrunner and underwriter to the Rights Issue and joint sponsor to the introduction of New Prudential, as applicable;

Lazard	Lazard Frères & Co LLC and Lazard & Co., Limited;
London Stock Exchange	London Stock Exchange plc;
Mandatory Convertible Notes	the mandatory convertible notes to be issued by New Prudential in connection with the Acquisition, further details of which will be set out in the Rights Issue Prospectus;
M&G	the Prudential Group's UK and European fund management business;
New Prudential	Prudential Group plc, a company registered in England and Wales with registered number 07163561 and with its registered office at Laurence Pountney Hill, London EC4R 0HH;
New Prudential Prospectus	the prospectus expected to be issued by New Prudential on 17 May 2010 for the UK Introduction;
New Prudential Shares	the ordinary shares of 100 pence each in the capital of New Prudential;
Nil Paid Rights	rights to acquire Rights Issue Shares, nil paid;
Nomura	Nomura International plc;
OCI	the Office of the Commissioner of Insurance, a regulatory body responsible for the supervision and regulation of the Hong Kong insurance industry;
Official List	the list maintained by the FSA in accordance with section 74(1) of FSMA 2000 for the purposes of Part VI of FSMA 2000;
Ondra Partners	Ondra LLP, trading as Ondra Partners;
PAC	The Prudential Assurance Company Limited (a wholly-owned subsidiary of Prudential), a company incorporated in England and Wales with registered number 15454;
Prudential or the Company	Prudential plc, a company incorporated in England and Wales, with registered number 1397169 and with its registered office at Laurence Pountney Hill, London EC4R 0HH;
Prudential Corporation Asia or PCA	the Prudential Group's Asian operations;
Prudential Group	Prudential and its subsidiary undertakings from time to time;
Prudential Shares	the ordinary shares of 5 pence each in the capital of Prudential (including, if the context requires, the Rights Issue Shares);
Qualifying Shareholders	holders of Prudential Shares on the relevant register of members of Prudential at the Record Date;
Record Date	for UK Shareholders is 5.00 p.m. (London time) on 4 June 2010, for HK Shareholders is 4.30 p.m. (Hong Kong time) on 4 June 2010 and for Singapore Shareholders is 5.00 p.m. (Singapore time) on 4 June 2010;
Rights Issue	the proposed issue of Rights Issue Shares by way of rights to Qualifying Shareholders, further details of which will be set out in the Rights Issue Prospectus;
Rights Issue Prospectus	the prospectus expected to be published by Prudential on 17 May 2010 in relation to the Rights Issue;
Rights Issue Resolution	the ordinary resolution numbered 2 and set out in the notice of the General Meeting set out in the Circular and which is to be proposed at the General Meeting;
Rights Issue Shares	the new Prudential Shares to be allotted and issued pursuant to the

	Rights Issue;
Scheme	the proposed scheme of arrangement under sections 895 to 899 of the UK Companies Act 2006 between Prudential and the Scheme Shareholders as set out in Part V of the Circular, with or subject to any modification, addition or condition approved or imposed by the Court;
Scheme Record Time	6.00 p.m. (London time) on the business day prior to the date on which the Scheme becomes effective in accordance with its terms;
Scheme Resolutions	the resolution set out in the notice of Court Meeting set out in part of the Circular and/or the special resolution, numbered 1, set out in the notice of General Meeting set out in part of the Circular, which will be proposed at the Court Meeting and General Meeting, respectively;
SGX-ST	the Singapore Exchange Securities Trading Limited;
Singapore Shareholders	holders of an interest in Prudential Shares on the Hong Kong Register in uncertificated form through CDP on the Record Date;
Subordinated Note Commitment Letter	has the meaning given to that term in the section of this announcement headed "Combination of the Prudential Group and the AIA Group";
Tier 1 Notes	the tier one notes to be issued by Prudential in connection with the Acquisition as described in this announcement under "Combination of the Prudential Group and the AIA Group";
Transactions	the transactions involved in the Acquisition and Scheme;
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland;
UK Admission	the admission of the Rights Issue Shares (nil paid) to the premium segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange becoming effective;
UK Introduction	the introduction of the New Prudential Shares to the premium segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange;
UK Register	the register of members of Prudential kept in the UK and includes, where the context requires it, the Irish Register;
UK Shareholders	holders of Existing Shares who are registered on the UK register or the Irish overseas branch register of members of Prudential on the Record Date;
Underwriting Agreement	the underwriting agreement dated 17 May 2010 between Prudential, Credit Suisse, HSBC, J.P. Morgan Cazenove and the other underwriters relating to the Rights Issue;
US or United States	the United States of America, its territories, its possessions and all areas subject to its jurisdiction;
US Securities Act	the United States Securities Act of 1933, as amended from time to time; and
value of new business or VNB	embedded value of new insurance contracts written in the year.