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PRUDENTIAL

Prudential plc

(Incorporated and registered in England and Wales under the number 01397169)

(Stock code: 2378)

For immediate release

1 June 2010

PRUDENTIAL PLC – UPDATE ON DISCUSSIONS WITH AIG

Prudential plc (“Prudential”) notes the announcement by American International Group, Inc. (“AIG”) that it will not consider a revision to the terms of the proposed combination of Prudential with AIA Group Limited (“AIA”). Following detailed discussions with AIG’s management and advisers, Prudential had proposed a revision to the terms that would have reduced the value of the consideration for the acquisition of AIA by Prudential Group plc (“New Prudential”) to US\$30.375 billion, comprising:

- cash of US\$23 billion;
- approximately 2.16 billion newly issued shares of New Prudential (expected to represent approximately 11.58% of the issued ordinary share capital of New Prudential immediately following completion of the acquisition of AIA) with a value of US\$5.375 billion based on the theoretical ex-rights price for Prudential’s ordinary shares of 171.31 pence (calculated on the basis of the closing price for Prudential’s ordinary shares on Friday 28 May 2010 and using an exchange rate of £1:US\$1.4466); and

- US\$2.0 billion in aggregate principal amount of perpetual tier one notes to be issued by Prudential (the coupon on which would be at current market rates).

The ordinary shares and tier one notes to be issued would be made more readily marketable (including by a reduction of the lock up on the ordinary shares).

The Board of Prudential is considering its position. A further announcement will be made when appropriate.

As at the date of this announcement, the directors of Prudential plc are:

Executive Directors

Cheick Tidjane Thiam
Nicolaos Andreas Nicandrou ACA
Robert Alan Devey
Clark Preston Manning Jr. FSA MAAA
Michael George Alexander McLintock
Barry Lee Stowe

Independent Non-executive Directors

Harvey Andrew McGrath
Keki Bomi Dadiseth FCA
Michael William Oliver Garrett
Ann Frances Godbehere FCGA
Bridget Ann Macaskill
Kathleen Anne O'Donovan ACA
James Hood Ross
Lord Andrew Turnbull KCB CVO

ENDS

Enquiries:

Media

Ed Brewster +44 (0)20 7548 3719
Robin Tozer +44 (0)20 7548 2776
Kevin Byram / +44 (0)20 7404 5959
Tom Burns
Brunswick
Tim Payne / +852 3512 5000
Karin Wong
Brunswick (Hong Kong)

Investors / Analysts

Matt Lilley / +44 (0)20 7548 3300
Jessica Stalley

Notes to Editors:

About Prudential plc

Prudential plc is a company incorporated and with its principal place of business in England, and its affiliated companies constitute one of the world's leading financial services groups. It provides insurance and financial services through its subsidiaries and affiliates throughout the world. It has been in existence for over 160 years and has £290 billion in assets under management (as at 31 December 2009). 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.

Forward-Looking Statements

This statement may contain certain "forward-looking statements" with respect to certain of Prudential's plans and its current goals and expectations relating to its future financial condition, performance, results, strategy and objectives. Statements containing the words "believes", "intends", "expects", "plans", "seeks" and "anticipates", and words of similar meaning, are forward-looking. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond Prudential's control including among other things, UK domestic and global economic and business conditions, market related risks such as 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, solvency or accounting standards, and tax and other legislation and regulations in the jurisdictions in which Prudential and its affiliates operate. This may for example result in changes to assumptions used for determining results of operations or re-estimations of reserves for future policy benefits. As a result, Prudential's actual future financial

condition, performance and results may differ materially from the plans, goals, and expectations set forth in Prudential's forward-looking statements. Prudential undertakes no obligation to update the forward-looking statements contained in this statement or any other forward-looking statements it may make.

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