

**PRUDENTIAL PLC
TERMINATION OF AGREEMENT TO COMBINE WITH AIA GROUP LIMITED**

Further to its announcement yesterday, Prudential plc ("Prudential") confirms that its agreement with American International Group, Inc. ("AIG") for the combination of Prudential with AIA Group Limited (the "SPA") has been terminated.

Accordingly, the Board of Prudential will not put any resolutions to the court and shareholder meetings convened for 7 June 2010 and it will not be proceeding with the rights issue or other financing relating to the Transaction. The reconvened Annual General Meeting will go ahead as planned on 7 June 2010.

Prudential will pay AIG a termination fee of £152.569 million (including VAT, if any). Prudential and AIG have agreed to release and waive any claims each may have against the other.

ENDS

Enquiries:

Media

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

Investors / Analysts

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

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.

Important Notice

This announcement is not an offer for sale of or a solicitation of any offer to buy securities in the United States. Securities may not be offered or sold in the United States absent registration with the US Securities and Exchange Commission or an exemption from registration under the US Securities Act of 1933, as amended (the "Securities Act"). The shares and other securities mentioned in this announcement have not been, and will not be, registered under the Securities Act or under the securities laws of any state or territory of the United States. They may not be offered, sold, taken up, exercised,

resold, renounced, transferred or delivered, directly or indirectly, or into the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the 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.