PRUDENTIAL

Prudential plc

英國保誠有限公司*

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

(Stock code: 2378)

FSA FINAL NOTICES

Prudential plc and its wholly owned subsidiary The Prudential Assurance Company Limited have agreed to settle with the Financial Services Authority over issues relating to the attempt to acquire AIA, the Asian subsidiary of AIG, in early 2010. The companies have agreed to pay fines totalling £30 million, in respect of a decision by the FSA that it and the UKLA should have been informed earlier about Prudential's contemplation of the potential transaction. The Group Chief Executive, Tidjane Thiam, has also agreed to be censured in respect of a decision by the FSA that it should have been informed earlier.

The FSA has confirmed the following in a statement accompanying the Final Notices published today: "The investigation was into past events and does not concern the current conduct of the management of the Prudential Group. The FSA accepts that Prudential did consider their obligations in forming their assessment in respect of informing the regulator. Therefore, although the FSA considers that the circumstances of these breaches are serious, the FSA does not consider they were reckless or intentional."

Paul Manduca, the Chairman of Prudential plc, said: "The Board has decided to settle this matter in the best interests of the Group and all its stakeholders. We wish to draw a line under the matter, and to ensure our constructive relationship with our regulators remains good. Tidjane acted at all times in the interests of the Company and with the full knowledge and authority of the Board. The Board wishes to express its satisfaction that all parties have agreed to this settlement."

"Prudential works hard to maintain close and positive relationships with its regulators and the Group's relationship with the FSA continues to be good. The FSA has determined that it should have been informed earlier about the fact we were contemplating the AIA transaction and we regret, with hindsight, not so doing."

"Over the past three years, our successful business strategy, led by Tidjane, and fully supported by the Board, has delivered excellent results for customers, shareholders and employees. This was most recently demonstrated by our strong annual results for 2012."

Enquiries:

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About Prudential plc

Prudential plc is incorporated in England and Wales, 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 165 years and has £405 billion in assets under management (as at 31 December 2012). 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 document may contain ‘forward-looking statements’ with respect to certain of Prudential's plans and its goals and expectations relating to its future financial condition, performance, results, strategy and objectives. Statements that are not historical facts, including statements about Prudential’s beliefs and expectations, and including, without limitation, statements containing the words “may”, “will”, “should”, “continue”, “aims”, “estimates”, “projects”, “believes”, “intends”, “expects”, “plans”, “seeks” and “anticipates”, and words of similar meaning, are forward-looking statements. These statements are based on plans, estimates and projections as at the time they are made, and therefore undue reliance should not be placed on them. By their nature, all forward-looking statements involve risk and uncertainty. A number of important factors could cause Prudential's actual future financial condition or performance or other indicated results to differ materially from those indicated in any forward-looking statement. Such factors include, but are not limited to, future market conditions, including fluctuations in interest rates and exchange rates, and the potential for a sustained low-interest rate environment, and the performance of financial markets generally; the policies and actions of regulatory authorities, including, for example, new government initiatives related to the financial crisis and the effect of the European Union's ‘Solvency II’ requirements on Prudential's capital maintenance requirements; the impact of competition, economic growth, 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; the impact of changes in capital, solvency standards, accounting standards, or relevant regulatory frameworks, and tax and other legislation and regulations in the jurisdictions in which Prudential and its affiliates operate; and the impact of legal actions and disputes. These and other important factors may for example result in changes to assumptions used for determining results of operations or re-estimations of reserves for future policy benefits. Further discussion of these and other important factors that could cause Prudential's actual future financial condition or performance or other indicated results to differ, possibly materially, from those anticipated in Prudential's forward-looking statements can be found under the ‘Risk Factors’ heading in the Annual Report and the ‘Risk Factors’ heading of Prudential's most recent annual report on Form 20-F filed with the U.S. Securities and Exchange Commission, as well as under the ‘Risk Factors’ heading of any subsequent Prudential Half Year Financial Report. Prudential's most recent Annual Report, Form 20-F and any subsequent Half Year Financial Report are/will be available on its website at www.prudential.co.uk.

Any forward-looking statements contained in this document speak only as of the date on which they are made. Prudential expressly disclaims any obligation to update the forward-looking statements contained in this document or any other forward-looking statements it may make, whether as a result of future events, new information or otherwise, except as required pursuant to the UK Prospectus Rules, the UK Listing Rules, the UK Disclosure and Transparency Rules, the Hong Kong Listing Rules, the SGX-ST listing rules or other applicable laws and regulations.

The Appendix to this announcement contains further details of the censure.

By order of the Board
Prudential plc
Alan F. Porter
Group Company Secretary

27 March 2013, London

As at the date of this announcement, the Board of Directors of Prudential plc comprises:

Chairman
Paul Victor Falzon Sant Manduca

Executive Directors
Cheick Tidjane Thiam *(Group Chief Executive)*, Nicolaos Andreas Nicandrou ACA, Robert Alan Devey, John William Foley, Michael George Alexander McLintock, Barry Lee Stowe and Michael Andrew Wells

Independent Non-executive Directors
Keki Bomi Dadiseth FCA, Sir Howard John Davies, Michael William Oliver Garrett, Ann Frances Godbehere FCGA, Alexander Dewar Kerr Johnston CMG FCA, Kaikhushru Shiavax Nargolwala FCA, Philip John Remnant CBE ACA and Lord Andrew Turnbull KCB CVO

** For identification purposes*

Appendix
Particulars

1. On 27 March 2013, the FSA has decided to publish a statement that Mr Thiam was knowingly concerned in a contravention by The Prudential Assurance Company Limited ("**PAC**") of Principle 11 of the FSA's Principles for Businesses (Relations with regulators).

2. On 1 March 2010, Prudential announced its intention to acquire ("**AIA**"), a wholly owned subsidiary company of American International Group Incorporated ("**AIG**"). The original consideration proposed was US$35.5 billion, including US$20 billion cash, to be funded via a rights issue. The proposed rights issue was planned to raise £14.5 billion. Subsequently, Prudential sought to renegotiate the terms of the transaction. AIG refused to take a lower price, and on 3 June 2010, Prudential withdrew from the deal, shortly before its shareholders were due to vote on the proposed rights issue.

3. The FSA has supervisory responsibilities for Prudential's UK regulated subsidiaries. In addition, Prudential, though not itself authorised by the FSA, is a controller of FSA-authorised entities and is an Insurance Holding Company for the purposes of supplementary supervision under the Insurance Groups Directive ("**IGD**"). The FSA is responsible under the IGD for undertaking supplementary supervision of PAC, and is also lead global supervisor for the Prudential group of companies, responsible for coordinating supervisory college activities and information sharing amongst international regulators. Therefore the FSA's role included responsibility for understanding the Group's solvency, risk profile, intra-Group exposures and transactional issues, and liaising with overseas regulators. Where it is necessary to require the Prudential Group to take action, the FSA imposes requirements on PAC.

4. The FSA has decided that PAC failed to inform the FSA that Prudential was seeking to acquire AIA from AIG in early 2010, until after the proposed transaction had been leaked to the media on 27 February 2010. Accordingly, PAC breached Principle 11 by failing to deal with the FSA in an open and co-operative way and by failing to disclose appropriately information of which the FSA would reasonably expect notice.

5. The FSA also decided that Mr Thiam was knowingly concerned in PAC's failure to deal with the FSA in an open and co-operative manner and for failing to disclose appropriately information of which the FSA would reasonably expect notice when Prudential was seeking to acquire AIA from AIG in early 2010. Mr Thiam was at all material times Chairman of PAC and an approved person, holding Controlled Function 1 at PAC.

6. The FSA has stated that PAC should have informed the FSA about Prudential's proposed acquisition of AIA well before 27 February 2010. Mr Thiam played a significant role in the decision not to contact the FSA about the proposed acquisition until after it had been leaked to the media on 27 February 2010. The FSA also stated that the failure to inform the FSA was significant because it resulted in the FSA having to consider highly complex issues within a compressed timescale. The failure to inform the FSA narrowed the FSA's options in scrutinising the transaction and hampered the FSA's ability to assist overseas regulators with their enquiries in relation to the transaction.