SUPPLEMENTARY PROSPECTUS DATED 17 SEPTEMBER, 2018

Prudential plc

(Incorporated with limited liability in England and Wales under the Companies Act 1985 with registered number 1397169)

as Issuer

£10,000,000,000

Medium Term Note Programme

This Supplementary Prospectus (the "**Supplementary Prospectus**", which definition shall include all information incorporated by reference herein) to the prospectus dated 12 June, 2018 (the "**Prospectus**", which definition includes the Prospectus as supplemented, amended or updated from time to time and includes all information incorporated by reference therein), constitutes a supplementary prospectus for the purposes of Section 87G of the Financial Services and Markets Act 2000 ("**FSMA**") and is prepared in connection with the medium term note programme (the "**Programme**") established by Prudential plc (the "**Issuer**").

Terms defined in the Prospectus have the same meanings when used in this Supplementary Prospectus.

This Supplementary Prospectus is supplemental to, and should be read in conjunction with, the Prospectus issued by the Issuer and all documents which are incorporated herein or therein by reference.

This Supplementary Prospectus has been approved by the United Kingdom Financial Conduct Authority (the "**FCA**") which is the competent authority for the purposes of the Prospectus Directive and relevant implementing measures in the United Kingdom, as a supplemental prospectus to the Prospectus. The Prospectus constitutes a base prospectus prepared in compliance with the Prospectus Directive and relevant implementing measures in the United Kingdom for the purpose of giving information with regard to the issue of Notes under the Programme.

The Issuer accepts responsibility for the information contained in this Supplementary Prospectus. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Supplementary Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

1. Purpose

The purpose of this Supplementary Prospectus is to:

(A) incorporate by reference the following announcements (or, as indicated, sections of announcements) as released by the Issuer on 8 August, 2018:

(i) the Issuer's News Release and Business Review;

(ii) the Issuer's Risk Factors, which replace the risk factors on pages 36 to 49 of the Prospectus under the heading "*Risks relating to the Issuer's business*" with the risk factors set out in the Issuer's Risk Factors announcement incorporated by reference herein (excluding the risk factor entitled "*Prudential's Articles of Association contain an exclusive jurisdiction provision*");

(iii) the Issuer's IFRS Disclosure and Additional Financial Information, excluding the information set out on page 77 thereof under the heading "*Pro forma The Prudential Assurance Company Limited shareholder Solvency II capital position*"; and

(iv) the Issuer's European Embedded Value basis results for the six months ended 30 June, 2018,

(together, the "**Issuer's 2018 Half Year Results**");

(B) supplement the information set out on pages 206 to 212 of the Prospectus under the heading "*Unaudited pro forma information*" to also include the information set out in section 3 of this Supplementary Prospectus;

(C) supplement the information set out on page 213 of the Prospectus under the heading "*Capital and leverage requirements*" to also include the information set out in section 4 of this Supplementary Prospectus;

(D) update certain elements of the Summary of the Programme set out in the Prospectus to include:

(i) updated key financial information in respect of the six months ended 30 June, 2018;

(ii) additional key pro forma financial information; and

(iii) updated risk factors relating to the Issuer's business,

as set out in section 5 of this Supplementary Prospectus;

(E) update the Prospectus to reflect certain changes to the Board of Directors of the Issuer as set out in section 6 of this Supplementary Prospectus;

(F) provide an updated 'no significant change' statement as set out in section 7 of this Supplementary Prospectus; and

(G) include a consent statement from KPMG LLP in respect of the inclusion of the report in the section below entitled "*Unaudited pro forma information*" as set out in section 8 of this Supplementary Prospectus.

2. Incorporation by reference of the Issuer's 2018 Half Year Results

On 8 August, 2018 the Issuer published the Issuer's 2018 Half Year Results.

By virtue of this Supplementary Prospectus, the Issuer's 2018 Half Year Results are hereby incorporated in and form part of this Supplementary Prospectus, and are thereby incorporated in and form part of the Prospectus.

A copy of the Issuer's 2018 Half Year Results has been filed with the National Storage Mechanism.

3. Unaudited pro forma information

The sub-heading on page 210 of the Prospectus which reads "*B. Unaudited pro forma The Prudential Assurance Company Limited shareholder Solvency II capital position*" shall be supplemented to include the words "*(as at 31 December, 2017)*" at the end thereof.

The sub-heading on page 211 of the Prospectus which reads "*Accountants' report on pro forma (The Prudential Assurance Company Limited shareholder Solvency II capital position)*" shall be supplemented and amended to read "*Accountants' report on pro forma (The Prudential Assurance Company Limited shareholder Solvency II capital position (as at 31 December, 2017))*".

The information set out on pages 206 to 212 of the Prospectus under the heading "*Unaudited pro forma information*" shall be supplemented to include the information set out below.

Unaudited pro forma The Prudential Assurance Company Limited shareholder Solvency II capital position (as at 30 June, 2018)

The unaudited pro forma shareholder Solvency II capital position of The Prudential Assurance Company Limited set out below has been prepared to illustrate the effect of the Part VII transfer of the UK annuity portfolio to Rothesay Life and the transfer of Prudential's Hong Kong subsidiaries from The Prudential Assurance Company Limited to Prudential Corporation Asia Limited (each as described in the Prospectus) on the shareholder Solvency II capital position of The Prudential Assurance Company Limited as if each of the transactions had taken place on 30 June, 2018 and in a manner consistent with the basis of Solvency II reporting of The Prudential Assurance Company Limited at 30 June, 2018 (the "**Solvency II Accounting Policies**"). The unaudited pro forma shareholder Solvency II capital position of The Prudential Assurance Company Limited has been prepared on the basis of, and should be read in conjunction with, the notes set out below.

The unaudited pro forma shareholder Solvency II capital position of The Prudential Assurance Company Limited has been prepared for illustrative purposes only and in accordance with Annex II of the Prospectus Directive Regulation. Because of its nature, the unaudited pro forma shareholder Solvency II capital position of The Prudential Assurance Company Limited addresses a hypothetical situation and, therefore, does not represent the actual Solvency II capital position following the transactions. It may not, therefore, give a true picture of the shareholder Solvency II capital position of

The Prudential Assurance Company Limited, nor is it indicative of the capital position that may, or may not, be expected to be achieved in the future.

The pro forma impact on the shareholder Solvency II capital position of the UK regulated insurance entity, The Prudential Assurance Company Limited, assuming that the Part VII transfer of the UK annuity portfolio to Rothesay Life and the transfer of Prudential's Hong Kong subsidiaries from The Prudential Assurance Company Limited to Prudential Corporation Asia Limited had both been completed as at 30 June, 2018, is provided in the table below.

	30 Jun 2018		
The Prudential Assurance Company Limited's shareholder Solvency II capital position[3,4]	**As reported[1]**	**Adjustments[2]**	**Pro Forma**
Own funds (£bn)	14.7	(6.1)	8.6
Solvency capital requirement (£bn)	7.2	(1.6)	5.6
Surplus (£bn)	**7.5**	**(4.5)**	**3.0**
Ratio (%)	203%	(50)%	153%

1 Information on shareholder Solvency II capital position as at 30 June, 2018 of The Prudential Assurance Company Limited has been extracted without material adjustment from the "*Additional IFRS financial information*" set out in the Issuer's 2018 Half Year Results.

2 The adjustments as shown in the table above, which result in a decrease in surplus of £4.5 billion, represent the estimated impact on The Prudential Assurance Company Limited's shareholder Solvency II capital position from the transfer of Prudential plc's Hong Kong subsidiaries to Prudential Corporation Asia Limited, and completion of the partial sale of the UK annuity portfolio by a Part VII transfer, as if both had been completed on 30 June, 2018. The resulting pro forma position has been calculated based on information and assumptions at 30 June, 2018 and therefore, does not necessarily represent the actual Solvency II capital position which will result following completion of the transactions. The adjustments include the following effects:

- An adjustment to Own Funds of £6.1 billion to remove the value of the shareholder Own Funds of the Hong Kong business at 30 June, 2018;
- A reduction in SCR of £1.1 billion being the release of the Hong Kong business standalone SCR of £2.0 billion, partially offset by removal of diversification benefits between UK and Hong Kong of £0.9 billion;
- A reduction in SCR of £0.5 billion representing the estimated remaining capital benefit from completion of the partial sale of the UK annuity portfolio by a Part VII transfer to Rothesay Life.

3 No account has been taken of any trading or other changes in the Solvency II capital position of The Prudential Assurance Company Limited after 30 June, 2018.

4 The Prudential Assurance Company Limited shareholder Solvency II capital position has been prepared in accordance with the requirements of the Solvency II framework, under the methodology of The Prudential Assurance Company Limited's Solvency II accounting policies. The Prudential Assurance Company Limited shareholder capital position excludes the contribution to Own Funds and the Solvency Capital Requirement from ring-fenced with-profit funds and staff pension schemes in surplus. The UK transitional measures included in the calculation of solvency positions reflect operating and market conditions at each valuation date. An application to recalculate the transitional measures as at 31 March, 2018 was approved by the Prudential Regulation Authority. The Prudential Assurance Company Limited is required to publish an annual Solvency & Financial Condition Report and related templates. These templates combine the shareholder solvency position of The Prudential Assurance Company Limited with those of its ring-fenced funds. In combining these solvency positions, the contribution to own funds from these ring-fenced funds will be set equal to their aggregate Solvency Capital Requirements. There is no impact on surplus.

Accountants' report on unaudited pro forma The Prudential Assurance Company Limited shareholder Solvency II capital position (as at 30 June, 2018)

The following is the text of the report from the Issuer's reporting accountant, KPMG LLP (Chartered Accountants) for the purpose of incorporation into the Prospectus.

The Directors
Prudential plc
Laurence Pountney Hill
London EC4R 0HH

17 September 2018

Ladies and Gentlemen

Prudential plc

We report on the pro forma shareholder Solvency II capital position of The Prudential Assurance Company Limited (the 'Pro forma financial information') set out in section 3 of the supplementary prospectus dated 17 September 2018, which has been prepared on the basis described in the notes to the Pro forma financial information, for illustrative purposes only, to provide information on how the Part VII transfer of the UK annuity portfolio to Rothesay Life and the transfer of Prudential's Hong Kong subsidiaries from The Prudential Assurance Company Limited to Prudential Corporation Asia Limited might have affected the financial information presented on the basis of the Solvency II accounting policies adopted by Prudential plc in preparing the Solvency II capital position as at 30 June, 2018. This report is required by paragraph 7 of Annex II of the Prospectus Directive Regulation and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

It is the responsibility of the directors of Prudential plc to prepare the Pro forma financial information in accordance with Annex II of the Prospectus Directive Regulation.

It is our responsibility to form an opinion, as required by paragraph 7 of Annex II of the Prospectus Directive Regulation, as to the proper compilation of the Pro forma financial information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Save for any responsibility arising under Prospectus Rule 5.5.4R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 16.1 of Annex IV of the Prospectus Directive Regulation, consenting to its inclusion in the supplementary prospectus.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing The Prudential Assurance Company Limited Pro forma financial information with the directors of Prudential plc.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of Prudential plc.

Opinion

In our opinion:

- the Pro forma financial information has been properly compiled on the basis stated; and
- such basis is consistent with the Solvency II accounting policies of Prudential plc.

Declaration

For the purposes of Prospectus Rule 5.5.4R (2)(f) we are responsible for this report as part of the supplementary prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the supplementary prospectus in compliance with paragraph 1.2 of Annex IV of the Prospectus Directive Regulation.

Yours faithfully

KPMG LLP

4. Capital and leverage requirements

If the proposed demerger of M&G Prudential is completed, the ultimate holding company of M&G Prudential is expected to manage its Solvency II capital position to seek to ensure that sufficient Solvency II Own Funds are available on an ongoing basis to cover its Solvency Capital Requirement. This is expected to be achieved by targeting a capital buffer in excess of the Solvency Capital Requirement, so as to absorb the potential impact of stressed market conditions and support the overall resilience of its balance sheet.

Prior to the demerger, the Group expects to rebalance its debt capital across Prudential and M&G Prudential. This will include the ultimate holding company of M&G Prudential becoming an issuer of new debt and Prudential redeeming some of its existing debt. Following these actions, the overall absolute quantum of debt in the Group is currently expected to increase, by an amount which is not considered to be material in the context of the Group's current total outstanding debt.

At the time of the demerger, Prudential expects the shareholder Solvency II ratio[1] of M&G Prudential to be around 170 per cent, with M&G Prudential holding around £3.5 billion of subordinated debt. This

[1] The M&G Prudential shareholder Solvency II ratio is measured as the ratio of Solvency II Own Funds to the Solvency Capital Requirement. It excludes the contribution to Own Funds and the Solvency Capital Requirement from ring-fenced with-profits funds and staff pension schemes in surplus and includes management's calculation of UK transitional measures reflecting operating and market conditions at each valuation date.

expectation is subject to the M&G Prudential capital risk appetite being approved by the Board of the ultimate holding company of M&G Prudential, once fully constituted to include independent non-executive directors, and reflects the current operating environment and economic conditions, material changes in which may lead to a different outcome.

These actions and their effects are contingent on the demerger progressing in line with management's current expectations and there can be no certainty that it will be completed as proposed (or at all).

5. Summary of the Programme

Element B.8

Element B.8 of the Summary of the Programme shall be supplemented to reflect Section 3 of this Supplementary Prospectus. The information supplementing Element B.8 is set out in Annex 1 to this Supplementary Prospectus.

Element B.12

Element B.12 of the Summary of the Programme shall be supplemented to reflect the publication of the Issuer's 2018 Half Year Results. Element B.12 as so supplemented is set out in Annex 2 to this Supplementary Prospectus.

Element D.2

Element D.2 of the Summary of the Programme shall be supplemented to reflect the incorporation of the Issuer's Risk Factors, referred to at paragraph 1(A)(ii) above. Element D.2 as so supplemented is set out in Annex 3 to this Supplementary Prospectus

6. Changes to the Board of Directors of the Issuer

6.1 Anne Richards

Anne Richards resigned from the Board of Directors of the Issuer with effect from 10 August, 2018.

6.2 Fields Wicker-Miurin OBE

Fields Wicker-Miurin OBE was appointed as a Non-executive Director of the Issuer and as a member of the Remuneration Committee with effect from 3 September, 2018.

Relevant skills and experience

Fields started her career at Philadelphia National Bank in 1982 before joining Strategic Planning Associates (now Oliver Wyman) as a Senior Partner in 1989. She became Chief Financial Officer and Director of Strategy of the London Stock Exchange in 1994, Leader of the Global Markets Practice of AT Kearney in 1998 and Managing Director of Vesta Capital Advisors in 2000. She was appointed to Nasdaq's Technology Advisory Council in 2000 and was a member of the Panel of Experts advising the European Parliament on financial markets harmonisation for four years from 2002. She became a Non-Executive Director and Chair of the Audit Committee of Savills plc in 2002 and a Non-Executive Director and Chair of the Investment Committee of the Royal London Group in 2003.

Other appointments

She is currently a Non-Executive Director of BNP Paribas and SCOR. She is also a Non-Executive Director and Chair of the Audit and Risk Committee of the Department for Digital, Culture, Media and Sport. She has been a Partner of the international social enterprise Leaders' Quest since 2002.

Save as described in the Prospectus, there are no potential conflicts of interest between the duties owed by Mrs Wicker-Miurin to the Issuer and her private interests and/or other duties as at the date of this Supplementary Prospectus.

7. Significant change statement

There has been no significant change in the financial or trading position of the Issuer and its subsidiaries as a whole since 30 June, 2018.

8. Auditors' consent statement

The auditors of the Issuer are KPMG LLP, Chartered Accountants & Registered Auditors of 15 Canada Square, London E14 5GL. KPMG LLP is a member firm of the Institute of Chartered Accountants in England and Wales and has given and has not withdrawn its written consent to the inclusion of the report in the section above entitled "*Unaudited pro forma information*" in the form and context in which they appear and has authorised the contents of those parts of this Supplementary Prospectus which comprise its report for the purposes of Rule 5.5.4R(2)(f) of the Prospectus Rules. The auditors of the Issuer have no material interest in the Issuer.

9. General

For so long as Notes may be issued pursuant to the Prospectus (as supplemented by this Supplementary Prospectus), copies of the following documents will be available during normal business hours from the registered office of the Issuer and the specified office of the Issue and Paying Agent for the time being in London:

(A) a copy of this Supplementary Prospectus; and

(B) the Issuer's 2018 Half Year Results.

Copies of documents incorporated by reference in this Supplementary Prospectus may be obtained:

(A) by a request in writing to the Issuer at its registered office at Laurence Pountney Hill, London EC4R 0HH and marked for the attention of the Company Secretary;

(B) by visiting the Issuer's website at http://www.prudential.co.uk/investors/results-centre; or

(C) from the specified office of the Issue and Paying Agent for the time being in London.

To the extent that there is any inconsistency between: (a) any statement in this Supplementary Prospectus or any statement incorporated by reference into the Prospectus by this Supplementary Prospectus; and (b) any other statement in or incorporated by reference in the Prospectus prior to the date of this Supplementary Prospectus, the statements in (a) will prevail.

If documents which are incorporated by reference themselves incorporate any information or other documents by reference therein, either expressly or implicitly, such information or other documents will not form part of this Supplementary Prospectus for the purposes of the Prospectus Directive except where such information or other documents are specifically incorporated by reference in this Supplementary Prospectus or where this Supplementary Prospectus is specifically defined as including such information. Any information contained in a document incorporated by reference in this Supplementary Prospectus which is not incorporated in, and does not form part of, this Supplementary Prospectus is not relevant for investors or is contained elsewhere in this Supplementary Prospectus.

Save as disclosed in this Supplementary Prospectus, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Prospectus since publication of the Prospectus.

No person has been authorised by the Issuer, any Dealer or the Trustee to give any information or to make any representation not consistent with the Prospectus, this Supplementary Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer, any Dealer or the Trustee.

The delivery of the Prospectus and/or this Supplementary Prospectus at any time does not imply that there has been no change in the affairs of the Issuer since the date hereof, or that the information contained in either of them is correct as at any time subsequent to each of their respective dates.

Annex 1

B.8[2]	Selected key pro forma financial information	The unaudited pro forma shareholder Solvency II capital position of The Prudential Assurance Company Limited set out below has been prepared to illustrate the effect of the Part VII transfer of the UK annuity portfolio to Rothesay Life and the transfer of Prudential's Hong Kong subsidiaries from The Prudential Assurance Company Limited to Prudential Corporation Asia Limited (each as described in the Prospectus) on the shareholder Solvency II capital position of The Prudential Assurance Company Limited as if each of the transactions had taken place on 30 June, 2018 and in a manner consistent with the basis of Solvency II reporting of The Prudential Assurance Company Limited at 30 June, 2018 (the "**Solvency II Accounting Policies**"). The unaudited pro forma shareholder Solvency II capital position of The Prudential Assurance Company Limited has been prepared on the basis of, and should be read in conjunction with, the notes set out below. The unaudited pro forma shareholder Solvency II capital position of The Prudential Assurance Company Limited has been prepared for illustrative purposes only and in accordance with Annex II of the Prospectus Directive Regulation. Because of its nature, the unaudited pro forma shareholder Solvency II capital position of The Prudential Assurance Company Limited addresses a hypothetical situation and, therefore, does not represent the actual Solvency II capital position following the transactions. It may not, therefore, give a true picture of the shareholder Solvency II capital position of The Prudential Assurance Company Limited, nor is it indicative of the capital position that may, or may not, be expected to be achieved in the future. The pro forma impact on the shareholder Solvency II capital position of the UK regulated insurance entity, The Prudential Assurance Company Limited, assuming that the Part VII transfer of the UK annuity portfolio to Rothesay Life and the transfer of Prudential's Hong Kong subsidiaries from The Prudential Assurance Company Limited to Prudential Corporation Asia Limited had both been completed as at 30 June, 2018, is provided in the table below.

The Prudential Assurance Company Limited's shareholder Solvency II capital position[3,4]	**30 Jun 2018** As reported[1]	**Adjustments**[2]	**Pro Forma**
Own funds (£bn)	14.7	(6.1)	8.6
Solvency capital requirement (£bn)	7.2	(1.6)	5.6
Surplus (£bn)	**7.5**	**(4.5)**	**3.0**
Ratio (%)	203%	(50)%	153%

Notes

1 Information on shareholder Solvency II capital position as at 30 June, 2018 of The Prudential Assurance Company Limited has been extracted without material adjustment from the "*Additional IFRS financial information*" set out in the Issuer's 2018 Half Year Results.

2 The adjustments as shown in the table above, which result in a decrease in surplus of £4.5 billion, represent the estimated impact on The Prudential Assurance Company Limited's shareholder Solvency II capital position from the transfer of Prudential plc's Hong Kong subsidiaries to Prudential Corporation Asia Limited, and completion of the partial sale of the UK annuity portfolio by a Part VII transfer, as if both had been completed on 30 June, 2018. The resulting pro forma position has been calculated based on information and assumptions at 30 June, 2018 and therefore, does not

2 Element B.8 of the Summary of the Programme is supplemented by this information in order to reflect Section 3 of this Supplementary Prospectus.

		necessarily represent the actual Solvency II capital position which will result following completion of the transactions. The adjustments include the following effects: – An adjustment to Own Funds of £6.1 billion to remove the value of the shareholder Own Funds of the Hong Kong business at 30 June, 2018; – A reduction in SCR of £1.1 billion being the release of the Hong Kong business standalone SCR of £2.0 billion, partially offset by removal of diversification benefits between UK and Hong Kong of £0.9 billion; – A reduction in SCR of £0.5 billion representing the estimated remaining capital benefit from completion of the partial sale of the UK annuity portfolio by a Part VII transfer to Rothesay Life. 3 No account has been taken of any trading or other changes in the Solvency II capital position of The Prudential Assurance Company Limited after 30 June, 2018. 4 The Prudential Assurance Company Limited shareholder Solvency II capital position has been prepared in accordance with the requirements of the Solvency II framework, under the methodology of The Prudential Assurance Company Limited's Solvency II accounting policies. The Prudential Assurance Company Limited shareholder capital position excludes the contribution to Own Funds and the Solvency Capital Requirement from ring-fenced with-profit funds and staff pension schemes in surplus. The UK transitional measures included in the calculation of solvency positions reflect operating and market conditions at each valuation date. An application to recalculate the transitional measures as at 31 March, 2018 was approved by the Prudential Regulation Authority. The Prudential Assurance Company Limited is required to publish an annual Solvency & Financial Condition Report and related templates. These templates combine the shareholder solvency position of The Prudential Assurance Company Limited with those of its ring-fenced funds. In combining these solvency positions, the contribution to own funds from these ring-fenced funds will be set equal to their aggregate Solvency Capital Requirements. There is no impact on surplus.

Annex 2

B.12[3]	Selected historical key financial information regarding the Issuer plus a statement that there has been no material adverse change in the prospects of the Issuer since the date of its last audited financial statements or a description of any material adverse change and a description of significant changes in the financial or trading position subsequent to the period covered by the historical financial information	The following tables present the profit and loss account and balance sheet data for and as at the six months ended 30 June, 2017 and 30 June, 2018 and the years ended 31 December, 2016 and 31 December 2017. The information has been derived from the Issuer's unaudited consolidated half year financial statements and the Issuer's audited consolidated financial statements audited by KPMG LLP.

Unaudited Consolidated Half Year Financial Statements	**Half Year ended 30 June**	
	2018	**2017**
	£ million (unless otherwise stated)	
Statutory IFRS basis results		
Profit for the period	**1,356**	**1,505**
Attributable to:		
Equity holders of the Issuer	**1,355**	**1,505**
Non-controlling interests	**1**	**-**
Supplementary IFRS basis information		
Operating profit based on longer-term investment returns	**2,405**	**2,358**
Short-term fluctuations in investment returns on shareholder-backed business	**(113)**	**(573)**
Amortisation of acquisition accounting adjustments	**(22)**	**(32)**
(Loss) gain on disposal of businesses and corporate transactions	**(570)**	**61**
Profit before tax attributable to shareholders	**1,700**	**1,814**
Tax charge attributable to shareholders' returns	**(344)**	**(309)**
Profit for the period	**1,356**	**1,505**
Operating earnings per share (reflecting operating profit based on longer-term investment returns)	**76.8p**	**70.0p**
Dividends per share paid in reporting period:		
Second interim ordinary dividend for prior year	**32.50p**	**30.57p**

[3] Element B.12 of the Summary of the Programme has been revised to include (i) selected historical key financial information regarding the Issuer in respect of the half-year ended 30 June, 2018, derived from the Issuer's HY18 IFRS Disclosure and Additional Financial Information, and (ii) a statement that there have been no significant changes in the financial or trading position of the Issuer subsequent to the period covered by the historical financial information.

Dividends per share relating to reporting period	**15.67p**	**14.50p**
Funds under management	**£664.4bn**	**£638.1bn**

Audited Consolidated Financial Statements*

	Year ended 31 December	
	2017	**2016**
	£ million (unless otherwise stated)	
Statutory IFRS basis results		
Gross premiums earned	**44,005**	**38,981**
Outward reinsurance premiums	**(2,062)**	**(2,020)**
Earned premiums, net of reinsurance	**41,943**	**36,961**
Investment return	**42,189**	**32,511**
Other income	**2,430**	**2,370**
Total revenue, net of reinsurance	**86,562**	**71,842**
Profit before tax attributable to shareholders	**3,296**	**2,275**
Tax charge attributable to shareholders' returns	**(906)**	**(354)**
Profit for the year	**2,390**	**1,921**
Attributable to:		
Equity holders of the Issuer	**2,389**	**1,921**
Non-controlling interests	**1**	**-**
Supplementary IFRS basis information		
Operating profit based on longer-term investment returns:		
Asia operations	**1,975**	**1,644**
US operations	**2,224**	**2,048**
UK and Europe operations	**1,378**	**1,253**
Other income and expenditure	**(775)**	**(694)**
Restructuring costs	**(103)**	**(38)**
Interest received from tax settlement	**-**	**43**
Operating profit based on longer-term investment returns	**4,699**	**4,256**
Short-term fluctuations in investment returns on shareholder-backed business	**(1,563)**	**(1,678)**
Amortisation of acquisition accounting adjustments	**(63)**	**(76)**
Profit (loss) attaching to the disposal of businesses	**162**	**(227)**
Cumulative exchange gain on the sold Korea life business recycled from other comprehensive income	**61**	**-**
Profit before tax attributable to shareholders	**3,296**	**2,275**
Tax charge attributable to shareholders' returns	**(906)**	**(354)**
Profit for the year	**2,390**	**1,921**
Operating earnings per share (reflecting operating profit based on longer-term investment return)	**145.2p**	**131.1p**

* The information has been derived from the Issuer's audited consolidated financial statements audited by KPMG LLP as of 31 December, 2017 and has not been adjusted for re-presentations following the adoption of IFRS 15 in 2018.

	Year ended 31 December	
	2017	**2016**
Basic earnings per share	**93.1p**	**75.0p**
Shareholders' equity, excluding non-controlling interests	**£16.1bn**	**£14.7bn**
Dividends per share relating to reporting period:		
First interim ordinary dividend	**14.50p**	**12.93p**
Second interim ordinary dividend	**32.50p**	**30.57p**
Total	**47.00p**	**43.50p**
Dividends per share paid in reporting period:		
Current year first interim ordinary dividend	**14.50p**	**12.93p**
Second interim ordinary dividend for prior year	**30.57p**	**26.47p**
Special dividend	**-**	**10.00p**
Total	**45.07p**	**49.40p**
Funds under management	**£669.3bn**	**£602.3bn**

The Issuer prepared the above accounts in accordance with International Financial Reporting Standards ("**IFRS**") as endorsed by the European Union ("**EU**").

Statements of no significant or material adverse change

There has been no significant change in the financial or trading position of the Issuer and its subsidiaries as a whole since 30 June, 2018.

There has been no material adverse change in the prospects of the Issuer and its subsidiaries as a whole since 31 December, 2017.

Annex 3

D.2[4]	Key information on the key risks that are specific to the Issuer or its industry	• The Issuer's businesses are inherently subject to market fluctuations and general economic conditions. Uncertainty, fluctuations or negative trends in international economic and investment climates could have a material impact on the Issuer's business and profitability. In particular, the adverse effect of such factors could be felt principally through: (a) reduced investment returns reducing the Group's capital and impair its ability to write significant volumes of new business, increase the potential adverse impact of product guarantees and/or have a negative impact on its assets under management and profit; (b) higher credit defaults and wider credit and liquidity spreads resulting in realised and unrealised credit losses; (c) failure of counterparties who have transactions with the Group (e.g. banks and reinsurers) to meet commitments; (d) difficulties experienced in estimating the value of financial instruments due to illiquid or closed markets; and (e) increased illiquidity adding to uncertainty over financial resources and the possibility of a reduction in capital resources as valuations decline. • As part of the implementation of its business strategies, Prudential has commenced a number of change initiatives across the Group, some of which are interconnected and/or of large scale, that may have financial, operational and reputational implications if such initiatives fail (either wholly or in part) to meet their objectives and could place strain on the operational capacity of the Group. These initiatives include the combination of M&G and Prudential UK & Europe, the proposed demerger of M&G Prudential (Prudential's UK and Europe business) and the intended sale of part of the UK annuity portfolio. Operational execution risks arise from these initiatives, including in relation to the separation and establishment of standalone governance, business functions and processes, third party arrangements and IT systems. In addition, Prudential also relies on a number of outsourcing partners to provide several business operations, including a significant part of its back office and customer-facing operations as well as a number of IT support functions and investment operations, resulting in reliance upon the operational processing performance of its outsourcing partners. The failure of an outsourcing provider could result in significant disruption to business operations and customers. • The Issuer is subject to the risk of potential sovereign debt credit deterioration owing to the amounts of sovereign debt obligations held in the Group's investment portfolio. If a sovereign were to default on its obligations, this could have a material adverse effect on the Issuer's financial condition and results of operations.
		• The Issuer is subject to the risk of exchange rate fluctuations owing to the geographical diversity of its businesses. The Issuer's operations in the US and Asia, which represent a significant proportion of operating profit based on longer-term investment returns and shareholders' funds, generally write

[4] Element D.2 of the Summary of the Programme has been revised to reflect the incorporation of the Issuer's Risk Factors by way of replacement of the risk factors set out in the Prospectus under the heading "*Risks relating to the Issuer's business*".

		policies and invest in assets denominated in local currency. The impact of gains or losses on currency translations is accounted for in the Group's consolidated financial statements as a component of shareholders' funds within other comprehensive income and, consequently, could impact on the Issuer's gearing ratios.
		• The Issuer conducts its businesses subject to regulation and associated regulatory risks, including the effects of changes in the laws, regulations, policies and interpretations and any accounting standards in the markets in which it operates. Changes in government policy and legislation (including in relation to tax), capital control measures on companies and individuals, regulation or regulatory interpretation applying to companies in the financial services and insurance industries in any of the markets in which the Group operates, or decisions taken by regulators in connection with their supervision of members of the Group, which may apply retrospectively, may adversely affect the Group's product range, distribution channels, competitiveness, profitability, capital requirements, risk management approaches, corporate or governance structure and, consequently, reported results and financing requirements. Also, regulators in jurisdictions in which the Group operates may impose requirements affecting the allocation of capital and liquidity between different business units in the Group. Regulators may change the level of capital required to be held by individual businesses or could introduce possible changes in the regulatory framework for pension arrangements and policies, the regulation of selling practices and solvency requirements. Furthermore, as a result of the interventions by governments in light of financial and global economic conditions, there may continue to be changes in governmental regulation and supervision of the financial services industry, including the possibility of higher capital requirements, restrictions on certain types of transactions and enhanced supervisory powers. Recent shifts in the focus of some national governments toward more protectionist or restrictive economic and trade policies could impact the degree and nature of regulatory changes and the Issuer's competitive position in some geographical markets. • The Issuer's businesses are conducted in highly competitive environments with developing demographic trends and continued profitability depends upon management's ability to respond to these pressures and trends. The markets for financial services in the UK, US and Asia are highly competitive. In some markets, the Issuer faces competitors that are larger, have greater financial resources or a greater market share, offer a broader range of products or have higher bonus rates. Further, heightened competition for talented and skilled employees and agents with local experience, particularly in Asia, may limit the Issuer's potential to grow its business as quickly as planned.

		• Downgrades in the Issuer's financial strength and credit ratings could significantly impact its competitive position and damage its relationships with creditors and trading counterparties. Such ratings, which are used by the market to measure the Group's ability to meet policyholder obligations, are an important factor affecting public confidence in some of the Group's products and, as a result, its competitiveness. Downgrades in the Issuer's ratings could have an adverse effect on the Group's ability to market products or retain current policyholders or on the Group's financial flexibility. In addition, the interest rates the Issuer pays on its borrowings are affected by its credit ratings. • If the proposed demerger of Prudential's UK and Europe business is completed, there can be no assurance that either Prudential or the UK and Europe business will realise the anticipated benefits of the transaction, or that the proposed demerger will not adversely affect the trading value or liquidity of the shares or either or both of the two businesses. In addition, preparing for and implementing the proposed demerger is expected to require significant time from management, which may divert management's attention from other aspects of the Issuer's business. • Adverse experience relative to the assumptions used in pricing products and reporting business results could significantly affect the Issuer's results of operations. In common with other life insurers, the profitability of the Group's businesses depends on a mix of factors, including mortality and morbidity trends, policy surrender and take-up rates on guarantee features of products, investment performance and impairments, unit cost of administration and new business acquisition expenses. The Issuer needs to make assumptions about a number of factors in determining the pricing of its products, for setting reserves and for reporting its capital levels and the results of its long-term business operations. If actual levels are significantly different to assumed levels, the Issuer's results of operations could be adversely affected.

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