

HISTORY

The Prudential Group has been writing life assurance policies in the United Kingdom for over 160 years. It has had one of the largest long-term funds in the United Kingdom for over a century. The Prudential Group expanded its business into British Commonwealth countries, including Singapore and Malaysia, in the 1920s and 1930s. In 1986, the Prudential Group acquired Jackson National Life Insurance Company, a US insurance company writing life and fixed annuity business. A group strategy review in the early 1990s identified significant opportunities for the Prudential Group in the Asian life sector and Prudential Corporation Asia was established in 1994 to develop a material and profitable Asian business. In 1999, the Prudential Group acquired M&G, a leading UK fund manager. In June 2000, Prudential completed its listing of ADRs on the New York Stock Exchange. Prudential is not affiliated with Prudential Financial, Inc. or its subsidiary, The Prudential Insurance Company of America.

In March 2010, Prudential, New Prudential, AIG and AIA Aurora entered into an agreement (the "Acquisition Agreement") under which New Prudential will acquire the entire issued share capital of AIA. AIA Aurora will receive consideration with a notional value of US\$35.5 billion from New Prudential, comprising US\$25.0 billion in cash (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), New Prudential Shares with a notional value of £3.613 billion (approximately US\$5.5 billion), US\$3.0 billion in Mandatory Convertible Notes, US\$2.0 billion in 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 by Prudential through a combination of US\$20.0 billion from the Rights Issue and up to US\$5.0 billion from Bond Offerings.

If the Prudential Shares were listed on the Stock Exchange, the applicable percentage ratios for the Acquisition would have exceeded 100% and the Acquisition would have constituted a very substantial acquisition in accordance with the Listing Rules.

Prudential has entered into hedging arrangements in respect of its requirement to convert the pounds sterling proceeds of the Rights Issue into US dollars, which is the currency in which New Prudential must pay the cash element of the consideration.

Completion of the Acquisition is subject to certain pre-conditions, including: (i) Prudential shareholders approving the Scheme and certain other resolutions relating to the Transactions; (ii) obtaining the necessary regulatory and antitrust approvals; (iii) there having been no material adverse change in AIA prior to commencement of the Rights Issue; (iv) there having been no breach of warranty or covenant resulting in a material adverse change in AIA prior to completion; (v) there having been no material breach of the New Prudential warranties having a material adverse effect on the ability of New Prudential or Prudential to complete the Acquisition; (vi) the Court sanctioning the Scheme; and (vii) admission of the Rights Issue Shares to be issued pursuant to the Rights Issue, New Prudential Shares (both to be issued pursuant to the Scheme and as consideration), MCNs and Tier 1 Notes (as consideration under the Acquisition Agreement) to listing and trading.

A termination fee of £153 million (including any VAT due in respect thereof) is payable by Prudential to AIA Aurora in the event of termination in specified circumstances. Additional consideration of 5/1200ths of the cash consideration outstanding is payable per month by New Prudential to AIA Aurora from 1 September 2010 to the completion date in the event that completion has not occurred (and the Acquisition Agreement has not been terminated) by 31 August 2010. For further details in relation to the Acquisition see "Information about the Transactions".

HISTORY AND ORGANISATIONAL STRUCTURE

STRUCTURE

Prudential is the holding company of all the companies in the Prudential Group and its assets substantially comprise shares in and loans to such companies. It does not conduct any other business and is accordingly dependent on the other members of the Prudential Group and revenues received from them. The following table shows the principal operating subsidiaries of Prudential, being those which are considered by Prudential to be most likely to have a significant effect on the assessment of the assets and liabilities, financial position or profits and losses of Prudential:

	<u>Date of Incorporation</u>	<u>Country of incorporation</u>	<u>Principal Activity</u>	<u>Issued Share Capital</u>	<u>Proportionate holding</u>
The Prudential Assurance Company Limited	1 June 1881	England and Wales	Insurance	970,468,254 ordinary shares of 25p 347,600,000 B preference share of 25p 1,000,000 A preference shares of £1	100%
Prudential Annuities Limited*	1 November 1990	England and Wales	Insurance	550,000,000 ordinary shares of £1	100%
Prudential Retirement Income Limited (PRIL)*	17 August 1970	Scotland	Insurance	837,700,000 ordinary shares of £1 20,000,000 preference shares of £1	100%
M&G Investment Management Limited*	5 August 1968	England and Wales	Asset management	9,350,000 ordinary shares of £1	100%
Jackson National Life Insurance Company*	19 June 1961	US	Insurance	12,000,000 common stock of US\$1.15	100%
Prudential Assurance Company Singapore (Pte) Limited*	24 May 1990	Singapore	Insurance	34,644,000 ordinary shares of SGD1	100%

* Owned by a subsidiary undertaking of Prudential

Each subsidiary has one class of ordinary shares and operates mainly in its country of incorporation, except for PRIL which operates mainly in England and Wales.