BACKGROUND AND REASONS FOR THE TRANSACTIONS

Prudential believes that the Transactions are a compelling and rare opportunity with strong strategic, operational and financial rationale that will contribute significantly to the achievement of Prudential's strategic objective to focus on its Asian growth. The Transactions are expected to create a leading Asian life insurer and to yield significant value for Prudential shareholders, its other stakeholders and AIG.

The Transactions will provide the Enlarged Group with a greater presence in Asia and in particular, high growth South East Asian economies. Life insurance premiums in the Asia Pacific region grew at a compound annual growth rate of 17.5% from 2003 to 2008, primarily driven by strong regional economic growth, favourable demographic changes, social welfare reforms, healthcare demand and insurance market reforms.

The Transactions provide the Enlarged Group with the opportunity to:

- create a leading life insurer with Asia at its core and strong operations in the US and the UK;
- establish the leading position in the high growth South East Asian markets of Hong Kong, Singapore, Malaysia, Thailand, Indonesia, the Philippines and Vietnam, and the leading foreign life insurance business in China and India;[(1)]
- allow Prudential shareholders to benefit from a compelling Acquisition valuation to yield attractive returns for its shareholders;
- deliver sustainable revenue and earnings growth;
- achieve significant cost and revenue synergies;
- benefit from improved productivity across distribution channels, enhanced customer insights and broader product offering; and
- create a platform for further opportunities for growth in Asia.

The key growth opportunities include:

- *Products*: Significant opportunities to narrow the margin gap between AIA and Prudential by managing the AIA product mix in line with Prudential's;
- *Agency distribution*: Improvements in AIA sales force productivity based upon Prudential's agency management capabilities;
- *Bancassurance*: Increase effectiveness of AIA's current relationships by leveraging Prudential's capabilities in Asia, with banks such as SCB, ICICI and UOB; and
- *Customers*: Increasing utilisation of customer management and data mining tools applied to the Enlarged Group's customers.

The combination of the Prudential Group and the AIA Group is expected to generate significant synergy benefits. Prudential is seeking to achieve US $800 million pre-tax (US$650 million post tax) of annualised run-rate revenue synergies (on a value of new business basis) and US$370 million of annualised run-rate pre-tax cost synergies during 2013. These savings are expected to arise from actions planned to be taken by Prudential including: increasing AIA agent productivity, managing AIA's product mix, growing the bancassurance business by replicating Prudential's bancassurance skills to AIA's bancassurance partnerships, increasing utilisation of customer management and data

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(1) As set out in "Information about the Enlarged Group" of this listing document, (a) Prudential is ranked as the leading life insurer in Singapore, Malaysia, Indonesia and Vietnam, (b) AIA is ranked as the leading life insurer in the Philippines and Thailand, (c) ICICI Prudential is ranked as the leading private life insurer in India and (d) AIA is ranked as the leading foreign life insurer in China. According to the OCI, the combined market share of Prudential and AIA is greater than the market share of any other company in the Hong Kong life insurance market.

mining tools; and increasing efficiency and reducing costs across regional offices and local business units.

ACQUISITION AGREEMENT

Under the Acquisition Agreement, AIA Aurora (a subsidiary of AIG) has agreed to sell, and New Prudential has agreed to purchase, the entire issued share capital of AIA for consideration with a notional value of US$35.5 billion, comprising:

(i) US$25.0 billion in cash payable at completion of the Acquisition, 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;

(ii) a number of New Prudential Shares having a notional value of £3.613 billion (approximately US$5.5 billion) to be allotted and issued to AIA Aurora at completion of the Acquisition;

(iii) US$3.0 billion in aggregate principal amount of mandatory convertible notes due 2013 (convertible into New Prudential Shares) to be allotted and issued by New Prudential to AIA Aurora at completion of the Acquisition (the "MCNs");

(iv) US$2.0 billion in aggregate principal amount of perpetual tier one notes to be issued by Prudential (the "Tier 1 Notes"); and

(v) any subordinated notes for which AIA Aurora subscribes under the Subordinated Note Commitment Letter.

The number of New Prudential Shares to be issued to AIA Aurora is expected to represent approximately 10.9% of the issued ordinary share capital of New Prudential immediately following completion of the Acquisition (subject to adjustments for, *inter alia*, further issues of New Prudential Shares in the period prior to completion of the Acquisition).

The material conditions to completion of the Acquisition Agreement are:

- the passing of the requisite resolutions by Prudential shareholders at the General Meeting;
- obtaining the requisite regulatory and antitrust approvals;
- there having been no material adverse change in AIA between the date of the Acquisition Agreement and commencement of the Rights Issue;
- there having been no breach of warranty by AIA Aurora giving rise to a material adverse change;
- there having been no breach by AIG of the covenants relating to the conduct of the business of the AIA Group which is material in the context of the AIA Group taken as a whole;
- there having been no breach of the warranty by New Prudential giving rise to a material adverse effect on the ability of it or Prudential to complete the Acquisition;
- the Scheme being approved by Prudential shareholders, sanctioned by the court and becoming effective; and
- admission of the Rights Issue Shares, the New Prudential Shares, the MCNs and the Tier 1 Notes to listing on the Official List and to trading on the London Stock Exchange.

The parties to the Acquisition Agreement have agreed to use their best endeavours to co-operate to satisfy the conditions (which may include Prudential agreeing to divest AIA Group or Prudential Group assets or businesses) and, in particular, Prudential has agreed that the Board will recommend that shareholders vote in favour of the requisite resolutions at the General Meeting (the "Board Recommendation"), subject always to the Directors' fiduciary duties.

In the event that completion of the Acquisition has not occurred and the Acquisition Agreement has not been terminated by 31 August 2010, New Prudential has agreed to pay to AIA Aurora an additional amount of consideration equal to 5/1200ths of the cash consideration outstanding per month from 1 September 2010 to the completion date.

The material termination provisions under the Acquisition Agreement allow termination:

- by AIG or AIA Aurora in the event that the Directors adversely withdraw, modify or qualify the Board Recommendation;
- by any party in the event that Prudential shareholders have not passed the requisite resolutions by 1 August 2010;
- by any party in the event that completion does not occur by 1 March 2011 (the "Long Stop Date"), subject to options for either party to extend in limited circumstances;
- by New Prudential in the event of a breach of warranty by AIA Aurora giving rise to a material adverse change, subject to cure;
- by New Prudential in the event of a material adverse change in AIA between the date of the Acquisition Agreement and commencement of the Rights Issue;
- by New Prudential in the event of a breach of covenant relating to the conduct of the business of the AIA Group prior to completion which is material in the context of the AIA Group taken as a whole, subject to cure; and
- by AIA Aurora or AIG in the event of a breach of warranty by New Prudential giving rise to a material adverse effect on the ability of it or Prudential to complete the Transactions subject to cure.

Prudential has agreed to pay to AIA Aurora a termination fee of £153 million (inclusive of any VAT due in respect thereof) if the Acquisition Agreement is terminated as a result of: (i) the requisite regulatory or antitrust approvals not having been obtained by the Long Stop Date; (ii) the Rights Issue not having been completed by the Long Stop Date; (iii) Prudential shareholders not having passed the requisite resolutions by 1 August 2010; (iv) the Board Recommendation having been adversely withdrawn, modified or qualified; or (v) if the Acquisition Agreement is terminated on or after the Long Stop Date and at the time of termination AIA Aurora would have had the right to terminate as described in (iii) and (iv) above (in each case, other than as a result of breach of warranty or covenant which was sufficiently serious to permit New Prudential to terminate the agreement).

The Acquisition Agreement also contains an undertaking by AIG to use best endeavours to ensure that the business of the AIA Group is run in the ordinary course up to completion and that specified actions are not taken without the consent of New Prudential.

New Prudential's liability to AIG and AIA Aurora for breach of warranty terminates at completion of the Acquisition, with the exception of warranties relating to capacity, title and the New Prudential Shares and other securities to be issued on completion. AIG and AIA Aurora's liability to New Prudential for breach of warranty terminates at completion, with the exception of the warranties relating to capacity and title and certain other matters related to the adequacy of the draft prospectus of AIA prepared in contemplation of the initial public offering of the AIA Group. AIA Aurora's liability under the prospectus warranty is capped at US$7.5 billion and subject to a limitation period of 12 months.

AIA Aurora is subject to a lock-up:

- in respect of New Prudential Shares, 50% is eligible for sale after 12 months under orderly market conditions, which involves the sale taking place in consultation with New Prudential, and the other 50% eligible for sale after 24 months; and
- in respect of the MCNs, for a period of 24 months from the date of completion of the Acquisition,

in each case subject to customary exceptions. These exceptions include the ability for AIA Aurora to pledge New Prudential Shares or MCNs to a financing counterparty providing the financing counterparty accepts a lock-up obligation on the same terms as described above, subject to exceptions for unrelated ordinary course market activities and in circumstances where the financing counterparty is entitled to enforce its security (in which case any sale of the pledged New Prudential Shares or MCNs by the financing counterparty will be undertaken in consultation with New Prudential's nominated brokers).

Prudential and New Prudential are prohibited, from the date of the Acquisition Agreement until the date on which Prudential shareholders pass the requisite resolutions, from:

- entering into discussions regarding any transaction which would require the approval of Prudential shareholders if to do so would result in the Board Recommendation being adversely withdrawn, modified or qualified or assisting any person with, or providing information to any person for the purposes aforementioned; and
- soliciting, encouraging or assisting any person to acquire securities in Prudential such that an offer would have to be made for Prudential or New Prudential according to the City Code on Takeovers and Mergers, or assisting any person with, or providing information to any person for the purposes of, the aforementioned.

The Acquisition Agreement contains a prohibition on AIA Aurora soliciting the senior employees of the AIA Group for a period of 18 months from completion of the Transactions, other than by way of general advertisement.

New Prudential's obligations under the Acquisition Agreement are guaranteed by Prudential.

CONSIDERATION FOR THE ACQUISITION

The Acquisition is to be financed through 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) and through US$10.5 billion in New Prudential Shares and other securities, which will be increased by an amount equal to the aggregate nominal amount of any subordinated notes for which AIA Aurora subscribes under the Subordinated Note Commitment Letter. The cash component of the consideration will be financed through:

- Underwritten Rights Issue — Credit Suisse Europe, HSBC and J.P. Morgan Cazenove as joint global co-ordinators and joint bookrunners to Prudential's Rights Issue have undertaken to Prudential to underwrite the Rights Issue to raise an amount in sterling which is equivalent to US$20.0 billion (net of costs, fees and expenses).
- Underwritten debt commitment — Prudential intends to raise an amount equivalent to approximately US$5.3 billion (net of costs, fees and expenses which are expected to be up to US$200 million) (US$5.5 billion gross) by way of one or more offerings of subordinated debt securities to institutional investors (the "Bond Offerings"). In connection with the Bond Offerings, Prudential has entered into an agreement pursuant to which the Joint Lead Arrangers will provide a committed US$5.4 billion hybrid capital facility (the "Hybrid Capital Facility") and will, at the request of Prudential, subscribe for Lower Tier 2 capital

notes and/or Upper Tier 2 capital notes and/or provide Lower Tier 2 capital loans and/or Upper Tier 2 capital loans in aggregate principal value of up to US$5.4 billion to be issued by or advanced to Prudential. The Joint Lead Arrangers will subscribe for the Lower Tier 2 capital notes and Upper Tier 2 capital notes and/or provide Lower Tier 2 capital loans and/or Upper Tier 2 capital loans in the event that Prudential does not issue Lower Tier 2 capital and Upper Tier 2 capital notes in aggregate principal value of up to US$5.4 billion pursuant to the Bond Offerings. Prudential intends to raise the balance of US$100 million through its ordinary course capital markets debt issuance programmes. Prudential, AIG and AIA Aurora have also entered into an agreement (the "Subordinated Note Commitment Letter") under which, to the extent that the Joint Lead Arrangers are unable to procure subscriptions in full for the Bond Offerings for an aggregate amount equal to US$5.4 billion by the date on which the last of certain conditions in the Acquisition Agreement have been satisfied or waived, AIA Aurora has agreed to subscribe for subordinated debt securities on completion of the Acquisition in an aggregate amount equal to the lesser of: (i) US$1.875 billion; and (ii) the amount required to make the aggregate amount of subordinated debt securities subscribed for under the Bond Offerings and pursuant to the Subordinated Note Commitment Letter equal to US$5.4 billion. The effectiveness of the Subordinated Note Commitment Letter is conditional on the consent of the Joint Lead Arrangers being obtained; at the date of this listing document such consent has not been obtained. Although Prudential intends to proceed with the Bond Offerings, and the Joint Lead Arrangers have committed to provide the same amount pursuant to the Hybrid Capital Facility, as described above, Credit Suisse Europe, HSBC and J.P. Morgan plc and JPMorgan Chase Bank, N.A. remain committed to Prudential to provide the debt commitment in the form of a senior, unsubordinated US$5.4 billion bridge facility. Prudential will not make any drawings under the bridge facility unless circumstances change such that it can do so and remain in compliance with its regulatory capital requirement, which is considered to be unlikely. The net proceeds of any notes issued pursuant to the Bond Offerings or any drawdown under the Hybrid Capital Facility or subscription under the Subordinated Note Commitment Letter will reduce the amount available for drawing under the US$5.4 billion bridge facility commensurately.

AIA Aurora will receive up to US$5 billion in cash consideration from the Bond Offerings at completion of the Acquisition. To the extent Prudential raises a net amount in excess of US$5 billion from the Bond Offerings and/or the Hybrid Capital Facility and/or subscription under the Subordinated Note Commitment Letter, such excess will be applied by Prudential to meet, inter alia, costs, fees and expenses and other group liabilities.

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.

The consideration represents a multiple of 1.62 x AIA's Embedded Value as at 30 November 2009 and 22.2 x AIA's 30 November 2009 new business profit. However, Prudential believes the new business profit of the AIA Group in 2009 was significantly impaired due to the AIG Events, and the global economic crisis and not reflective of the potential of the business. Prudential is seeking to achieve US$370 million of annualised cost savings during 2013. In addition, the combination provides an opportunity to achieve revenue synergies through enhanced agency productivity, increasing effectiveness of bancassurance relationships, and increasing utilisation of customer management and data mining tools.

The Rights Issue is not conditional upon completion of the Acquisition or the Scheme. If completion of the Acquisition does not occur, which Prudential believes is unlikely, Prudential's current intention is that the net proceeds of the Rights Issue will be invested on a short-term basis while Prudential considers how the net proceeds of the Rights Issue (after deduction of Rights Issue and Transaction related expenses and hedging costs) may be returned to Prudential's shareholders.

In considering how any such proceeds might be returned to Prudential's shareholders, the Directors will take into account, amongst other things, the tax implications for Prudential's shareholders.

Prudential has entered into foreign exchange 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. Prudential has budgeted £500 million for hedging costs. The actual impact of these hedging arrangements on the acquisition price and income statement will depend on the evolution of the sterling/dollar exchange rate through to completion of the Acquisition.

The US$10.5 billion in New Prudential Shares and other securities will include:

- Equity consideration — AIA Aurora will receive equity consideration having a notional value of £3.613 billion (expected to represent, subject to adjustments for, *inter alia*, further issues of Prudential Shares or New Prudential Shares in the period prior to completion of the Acquisition, approximately 10.9% of the issued ordinary share capital of New Prudential immediately following completion of the Acquisition, and being 2,023,836,505 shares if calculated as at the Latest Practicable Date). The equity consideration will be subject to a lock-up, with 50% eligible for sale after 12 months under orderly market conditions, which involves the sale taking place in consultation with New Prudential, and the other 50% eligible for sale after 24 months.

- MCNs — AIA Aurora will receive US$3 billion in aggregate principal amount of MCNs to be issued by New Prudential to AIA Aurora on the date of completion of the Acquisition. The MCNs will automatically convert into New Prudential Shares on the third anniversary of the date of completion of the Acquisition (the "Mandatory Conversion Date"). The MCNs may also be converted into New Prudential Shares prior to the Mandatory Conversion Date at the option of the holders or at the option of New Prudential. The number of New Prudential Shares that each MCN converts into on conversion will be determined by the volume weighted average share price of the New Prudential Shares (converted into US dollars at the spot rate published by Bloomberg at 11:00 a.m. on the relevant trading day) on each of the 20 consecutive trading days ending on the third trading day prior to conversion as against a reference share price calculated on the basis of the share price of Prudential's ordinary shares as at close of trading on 26 February 2010. The MCNs pay a semi-annual fixed coupon of 3.75% per annum and entitle holders to participate in any dividend declared or distribution made to shareholders by New Prudential above pre-determined levels. The MCNs have no fixed maturity date and will be eligible to count towards the New Prudential Group's tier one capital resources. The MCNs will be subject to a lock-up limiting the sale of them by AIA Aurora for 24 months from the date of completion of the Acquisition.

- Tier 1 Notes — AIA Aurora will receive US$2 billion in aggregate principal amount of Tier 1 Notes to be issued by Prudential. The Tier 1 Notes will pay a quarterly fixed coupon of 6.25% per annum until the date falling exactly ten years and one day after the date of completion of the Acquisition (the "First Call Date"). From and including the First Call Date, the Tier 1 Notes will pay a floating rate coupon equal to 3-month LIBOR plus 3.566%. The Tier 1 Notes will be perpetual and redeemable prior to the First Call Date only in very limited circumstances. Prudential may elect to defer payments of interest and any deferred interest may only be paid through an alternative coupon satisfaction mechanism. The Tier 1 Notes will be eligible to count towards the Enlarged Group's tier one capital resources.

Debt Financing

Prudential has appointed each of Credit Suisse Europe and its affiliates, HSBC and its affiliates and J.P. Morgan Securities Ltd. and its affiliates to act as exclusive joint lead managers and joint bookrunners ("Joint Lead Arrangers") in connection with the raising of approximately US$5.3 billion (net of costs, fees and expenses) (US$5.5 billion gross) of subordinated debt securities by way of one or more Bond Offerings.

The Joint Lead Arrangers will assist Prudential with the Bond Offerings. The debt securities are expected to be sold in transactions not involving a public offering of securities. The proceeds of the Bond Offerings will be applied as part of the consideration for the Acquisition.

In connection with the Bond Offerings, Prudential has entered into a committed US$5.4 billion Hybrid Capital Facility pursuant to which the Joint Lead Arrangers have committed to subscribe for up to US$2.4 billion Lower Tier 2 notes and/or up to US$3 billion Upper Tier 2 notes and/or provide up to US$2.4 billion Lower Tier 2 capital loans and/or up to US$3 billion Upper Tier 2 capital loans. The facility will be available for drawing until the earlier of completion of the Acquisition or 1 March 2011. Drawings will be used towards the purchase of AIA. Notes issued under the Hybrid Capital Facility will be listed and it is expected that they will be issued pursuant to Prudential's MTN Programme. The obligations of the Joint Lead Arrangers to subscribe for notes will be subject to customary conditions precedent (save that market and issuer adverse change conditions are excluded) for the issue of notes under Prudential's MTN Programme. The commitments under the Hybrid Capital Facility in respect of the Lower Tier 2 notes and loans will be mandatorily cancelled by an amount equal to the net proceeds of any notes and loans issued pursuant to the Bond Offerings which qualify on issue as Lower Tier 2 capital and the commitments under the Hybrid Capital Facility in respect of the Upper Tier 2 notes and loans will be mandatorily cancelled by an amount equal to the net proceeds of any notes and loans issued pursuant to the Bond Offerings which qualify on issue as Upper Tier 2 or Tier 1 capital.

Prudential, AIG and AIA Aurora have also entered into the Subordinated Note Commitment Letter, under which, to the extent that the Joint Lead Arrangers are unable to procure subscriptions in full for the Bond Offerings for an aggregate amount equal to US$5.4 billion by the date on which certain conditions in the Acquisition Agreement have been satisfied or waived (the "Determination Date"), AIA Aurora has agreed to subscribe for Lower Tier 2 capital notes and/or Upper Tier 2 capital notes on completion of the Acquisition in an aggregate amount equal to the lesser of: (i) US$1.875 billion; and (ii) the amount required to make the aggregate amount of the Lower Tier 2 capital notes and/or Upper Tier 2 capital notes subscribed for by investors under the Bond Offerings and pursuant to the Subordinated Note Commitment Letter equal to US$5.4 billion. The effectiveness of the Subordinated Note Commitment Letter is conditional on the consent of the Joint Lead Arrangers being obtained.

If and to the extent that the aggregate of the amount of the Lower Tier 2 capital notes and/or Upper Tier 2 capital notes to be subscribed by AIA Aurora pursuant to the Subordinated Note Commitment Letter and the amount of Lower Tier 2 capital notes and Upper Tier 2 capital notes subscribed for by investors under the Bond Offerings is less than US$5.4 billion, calculated as at the Determination Date, AIA Aurora will have the option to subscribe for additional subordinated debt securities, such subordinated debt securities to be on the terms set forth in the Subordinated Note Commitment Letter.

Lower Tier 2 capital notes and/or Upper Tier 2 capital notes subscribed for by AIA Aurora under the Subordinated Note Commitment Letter will be listed and such Lower Tier 2 capital notes and/or Upper Tier 2 capital notes will be issued pursuant to Prudential's MTN Programme. The obligations of AIA Aurora to subscribe for subordinated debt securities will be subject to customary conditions precedent (save that market and issuer adverse change conditions are excluded) for the issue of subordinated debt securities under Prudential's MTN Programme.

AIA Aurora is subject to a lock-up in respect of the Lower Tier 2 capital notes and/or Upper Tier 2 capital notes subscribed for under the Subordinated Note Commitment Letter for a period of 12 months from the date of issue of such notes, subject to customary exceptions.

If and to the extent that AIA Aurora is required to subscribe for Lower Tier 2 capital notes and/or Upper Tier 2 capital notes under the Subordinated Note Commitment Letter, such notes shall be subscribed for on completion of the Acquisition, shall form part of the consideration for the Acquisition and the cash consideration which would otherwise be payable on completion of the Acquisition will be reduced by the aggregate nominal value of such notes.

Prudential intends to raise an amount equal to approximately US$5.3 billion (net of costs, fees and expenses which are expected to be up to US$200 million) (US$5.5 billion gross) pursuant to the Bond Offerings, of which up to US$5.4 billion may be drawn under the Hybrid Capital Facility or by way of subscription under the Subordinated Note Commitment Letter, in order to ensure that it has sufficient regulatory capital. Prudential intends to raise the balance of US$100 million through its ordinary course capital markets debt issuance programs. In addition, Prudential has entered into a committed bridge facility dated 1 March 2010 between, *inter alia*, Prudential (in its capacity as borrower), Credit Suisse AG, London Branch, HSBC and J.P. Morgan plc (in their capacity as mandated lead arrangers), Credit Suisse Europe, HSBC and JPMorgan Chase Bank, N.A. (in their capacity as original lenders) and HSBC (in its capacity as agent) (the "Bridge Facility"). Prudential will not make any drawings under the Bridge Facility unless circumstances change such that it can do so and remain in compliance with its regulatory capital requirement, which is considered to be unlikely.

Pursuant to the Bridge Facility, the lenders have agreed to provide a US$5.4 billion senior unsecured facility for the purposes of the Acquisition. The lenders are obliged to provide funds, up to the total committed amount, provided that there are no non-payment events of default, insolvency or insolvency proceedings and provided that Prudential has not breached certain undertakings relating to, *inter alia*, disposals, and Class 1 or Class 2 acquisitions and the negative pledge. In addition, Prudential may not amend, vary, novate, supplement, supersede, waive or terminate any term of the Acquisition Agreement or enter into any agreement with AIG in a way which materially or adversely affects the interests of the lenders. The certain funds period under the Bridge Facility runs from 1 March 2010 to the earlier of (a) 1 March 2011; (b) the date the Acquisition Agreement is terminated; and (c) the completion date of the Acquisition. During this time, Prudential will be able to draw up to US$5.4 billion of funds under the Bridge Facility to fund a portion of the Acquisition consideration, save that the amount available for drawing will be reduced by the net proceeds of any notes issued pursuant to the Bond Offerings and under the Subordinated Debt Commitment Letter and any drawings under the Hybrid Capital Facility. Once drawn, Prudential has an option to extend the maturity of the Bridge Facility to 1 March 2012. The termination and default provisions of the Bridge Facility are on normal commercial terms.

The annual post-tax financing costs of the borrowings described in the section headed "Information about the Transactions — Consideration for the Acquisition" of this listing document is estimated to be approximately £300 million (assuming this financing comprises (i) the issue of US$3 billion of MCNs and US$2 billion of Tier 1 Notes to AIA Aurora; and (ii) US$5.5 billion (gross) of external debt financing which is intended to be raised under the Bond Offerings, comprising of US$5.5 billion (gross) of upper and lower Tier 2 notes, the cost of which is estimated at market rates prevailing at the date of this listing document). Only a portion of the principal amount of the MCNs will be classified in the balance sheet as a liability with the residual being treated as a component of equity (see note 7 to the pro forma net asset statement in section A of Appendix III to this listing document). Due to this accounting treatment, the £75 million coupon relating to the MCNs would not be included in the IFRS income statement as an expense and it is not included in the £300 million above. The MCN liability referred to above includes the present value of the future coupon payments and the unwind of the discount for the first year is an interest expense estimated at £4 million. The annual pre-tax financing cost of drawing the whole of the £1 billion available under the Subordinated Debt Financing Facility (which is not expected to be drawn) is estimated to be £110 million (based on the prevailing market rates at the date of this listing document).

SCHEME

The acquisition of Prudential by New Prudential that, with the Acquisition, results in the combination of the AIA Group and the Prudential Group to form the Enlarged Group will be effected by means of the Scheme between Prudential and the shareholders of Prudential. Under the terms of the Scheme the Prudential Shares will be cancelled and, in consideration for this cancellation, the shareholders of Prudential on the register at the Scheme Record Time will receive:

for each Prudential Share one New Prudential Share

For the Scheme to become effective, a special resolution implementing the Scheme must be passed by Prudential shareholders at the General Meeting and the Scheme must be approved at the Court Meeting by a majority in number of the shareholders of Prudential present and voting representing 75% or more in value of all Prudential Shares held by such shareholders.

The Scheme also requires the sanction of the Court, and its timing will depend, amongst other things, on the timing of receipt of regulatory approvals and change of control consents in respect of the Scheme, though the Scheme is not conditional upon the Rights Issue or the Acquisition.

If the Scheme becomes effective, it will be binding on all shareholders of Prudential on the register at the Scheme Record Time irrespective of whether or not they attend or vote in favour of the Scheme at the Court Meeting or in favour of the special resolution to be proposed at the General Meeting.

It is intended that the New Prudential Shares will be admitted to the premium segment of the Official List of the UK Listing Authority and to trading on the main market for listed securities of the London Stock Exchange. It is also intended that the New Prudential Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS and admitted to the Singapore Official List for the listing and quotation of the New Prudential Shares on the Main Board of the SGX-ST.

The prospectus setting out the details of the introduction of the New Prudential Shares to the Official List and to admission to trading on the London Stock Exchange will be published on Prudential's website on Monday 17 May 2010.

REGULATORY APPROVALS

Certain approvals from anti-trust authorities, insurance regulators and other supervisory authorities in various jurisdictions are required for the Transactions, as a result of both the acquisition of AIA by New Prudential and as a result of the allotment and issue to AIA Aurora of the consideration shares and Mandatory Convertible Notes in New Prudential.

In respect of the acquisition of AIA, anti-trust approval has been granted in Korea and voluntary applications for anti-trust approval have been made in Indonesia and Singapore. In respect of the allotment and issue to AIA Aurora of the consideration shares and Mandatory Convertible Notes in New Prudential, anti-trust approval has been granted in the United States. Discussions are ongoing with regulators and additional approvals may also be required.

As a consequence of the structure of the Transactions a number of regulatory approvals are being sought in a number of jurisdictions. Regulatory approvals are being sought in a number of jurisdictions (including Hong Kong) or have already been received (as is the case in Bermuda and the British Virgin Islands) in respect of the change in control of the AIA Group as a result of the Acquisition. Regulatory approvals are also being sought in a number of jurisdictions (including Malaysia, Hong Kong, the United Kingdom and certain states in the United States) or have already been received (as is the case in Bermuda) in respect of the change in control of the Prudential Group pursuant to the Scheme and as a result of the allotment and issue to AIA Aurora of the consideration shares and Mandatory Convertible Notes in New Prudential. Discussions are ongoing with regulators, including the FSA and the OCI, and additional approvals may also be required.