STRUCTURE OF THE ENLARGED GROUP

Following the Scheme and the Acquisition, New Prudential will be the holding company of the Enlarged Group. Both AIA and Prudential will become wholly-owned subsidiaries of New Prudential.

BUSINESS OVERVIEW

The Enlarged Group intends to organise its business into the following broad divisions:

- Asia (comprising the Asian life businesses of the Prudential Group and the AIA Group and the Asian asset management business)
- UK (comprising the UK life businesses of the Prudential Group)
- US (comprising Jackson, National Planning Holdings and Curian Capital LLC)
- Asset Management (comprising M&G).

The Enlarged Group will use both the Prudential Group brands and the AIA brands.

On an aggregated basis and without applying adjustments for the Transactions or the Rights Issue[(1)], the Enlarged Group would have 68% of its embedded value for FY 2009 attributable to the Asian business. For FY 2009, 58% and 61% of the Enlarged Group's pre-tax EEV new business profit[(2)] and pre-tax IFRS operating profit, in each case on an aggregated basis, was attributable to the Asian business.

In recognition of the importance of Asia to the Enlarged Group, Prudential has applied for a dual-primary listing in Hong Kong alongside the listing of its ordinary shares in London. The additional primary listing in Hong Kong is expected to be effective from 25 May 2010. Application has also been made to the SGX-ST for the secondary listing of the Shares on the Main Board of the SGX-ST which is expected to be effective from 25 May 2010. Prudential is not proposing to offer new ordinary shares in connection with the listing in Hong Kong or Singapore other than those being offered under the Rights Issue.

OBJECTIVES, STRENGTHS AND STRATEGIES

The central objective of the Enlarged Group will be to deliver sustainable value to shareholders.

To deliver this objective, the strategy of the Enlarged Group will be to meet, profitably, customers' changing needs for savings, income and protection products in its chosen markets across Asia, the US and the UK. In particular, the Enlarged Group will focus on the objective of allocating capital to the most attractive opportunities and geographical markets, both in terms of return and payback period.

The Transactions bring together two leading insurance companies to create the Enlarged Group with a business that will have a significant focus on the very attractive Asian markets, which are characterised by high GDP growth, high savings rates and very low life premium penetration. The Enlarged Group will have the opportunity to benefit from its significant presence in these growing Asian markets.

It is anticipated that the Enlarged Group will be the leading life insurer in Hong Kong, Singapore, Malaysia, Indonesia, Vietnam, Thailand and the Philippines and the leading foreign life insurance business in India and China, as well as having strong and highly cash generative operations in the US and the UK.

---

(1) As set out in Appendix VI to this listing document.

(2) See the section headed "Presentation of Financial Information" for information regarding the comparability of the EEV metrics as calculated by each of the Prudential Group and AIA Group.

The following table sets forth the market position of the AIA Group and the Prudential Group and the expected market position of the Enlarged Group following the Acquisition in certain Asian insurance markets. The rankings have been measured for 2008 or 2009 as set out for each country in the Rank by Market Share tables in the section headed "Industry overview and competition" of this listing document. Save where otherwise stated the market share percentages of the Enlarged Group have been based on weighted new business premiums in each market for 2009.

Country	AIA Group rank by market share	Prudential Group rank by market share	AIA Group and Prudential Group combined rank by market share[1]	New business market share of Prudential Group and AIA Group combined[2]
Hong Kong	3	2	1	22%
Singapore	4	1	1	30%
Malaysia	4	1	1	28%
Thailand	1	12	1	25%
Indonesia	7	1	1	25%
Philippines	1	3	1	29%[c]
Vietnam	5	1	1	41%
China	1[a]	4[a]	1[a]	29%[a]
India	8[b][3]	1[b]	1[b]	11%[b]

Notes: (1) Combined rankings are based on (a) Prudential having been ranked as the leading life insurer in Singapore, Malaysia, Indonesia and Vietnam, (b) AIA having been ranked as the leading life insurer in the Philippines and Thailand, (c) ICICI Prudential having been ranked as the leading private life insurer in India and (d) AIA having been ranked as the leading foreign life insurer in China. Combined Hong Kong ranking based on combined market share set out above being greater than the market share of any other company in the Hong Kong life insurance market.

(2) Hong Kong, OCI; Singapore, Watson Wyatt Asian Life insurance market update, September 2009; Malaysia, LIAM, ISM (data for Prudential includes PAMB takaful sales); Thailand, TLAA; Indonesia, AAJI (AIA's second subsidiary in Indonesia (AIA Indonesia) was sold in 2009. The data above reflects only the currently owned subsidiary AIA Financial); The Philippines, Individual company filings used to calculate WFYP and ranking (market share is estimated as there are no consolidated data available for the total market); Vietnam, AVI; China, NIICC; India, IRDA.

(3) As set out in the section "Information about the AIA Group — Joint venture", it is currently intended that the AIA Group's equity interest in AIA India will be disposed of either before or around the time of completion of the Acquisition.

(a) non-domestic insurance company

(b) private insurance company

(c) based on 2008 data.

In integrating the two businesses, the Enlarged Group's core aim will be to maintain the commercial strength of both operations, while bringing together the best in class from both companies. Prudential believes that the Prudential Group's and AIA Group's businesses have highly complementary products and distribution channels across the region, which should put the Enlarged Group in a good position to capitalise on the rapid growth in these markets.

Prudential believes that the Prudential Group and the AIA Group have complementary capabilities, and key growth opportunities for the Enlarged Group will include: improvements in AIA sales force productivity based upon Prudential's agency management capabilities; value enhancement from AIA's current bancassurance relationships by leveraging Prudential's capabilities in Asia with banks such as SCB, ICICI and UOB; managing the AIA product mix in line with Prudential's; and increasing utilisation of customer management and data mining tools.

After completion of the Acquisition, Prudential will continue to seek opportunities to enhance value for shareholders including through disposals, determined by reference to Prudential's stringent criteria of growth, profitability, capital efficiency and strategic benefit. Such disposals may also provide an effective way to accommodate the requirements of regulators (for example, in China where Prudential expects that it may be required to restructure the Enlarged Group's operations).

INTEGRATION APPROACH AND EXPECTED FINANCIAL BENEFITS

Integration approach

Rob Devey, Chief Executive of Prudential UK and Europe, has been appointed to lead the integration of the Prudential Group and AIA Group. In this capacity, he reports directly to Tidjane Thiam, Group Chief Executive. Barry Stowe will remain Chief Executive Officer of PCA and Mark Wilson Chief Executive Officer of the AIA Group.

In integrating the two businesses, the core aim will be to maintain the commercial strength of both operations. For Prudential, the Acquisition is primarily a growth focused transaction, although cost synergies will also be sought.

Prudential intends that the Enlarged Group will use both the Prudential and AIA Group brands, maintain separate agency forces and strengthen both agency forces by the sharing of best practices.

Prudential plans for the Enlarged Group's shared services in areas such as product development, risk management, branding, marketing and customer services to be integrated to the extent possible and to increase effectiveness in these areas by leveraging economies of scale. Overlapping activities between the Prudential Group and AIA Group are intended to be merged and service quality to be enhanced by sharing best practices across both groups. Integration plans will be tailored to the circumstances applicable to each country, dependent upon the relative scale of the Prudential Group's and AIA Group's businesses in each market and based on discussions with local regulators and joint venture partners.

The following discussion contains forward-looking statements based on current expectations and targets which involve material risks and uncertainties. These expectations and targets have been prepared for use in this listing document, represent the best estimate of the Prudential Group as of the date of this listing document, and are based on the methodology and assumptions and qualifications described below. Actual results and the timing of certain events may differ significantly from those projected and targeted in these forward-looking statements due to a number of factors, including, but not limited to, the occurrence or non-occurrence of a number of assumptions, the most significant of which are set forth below, as well as the factors set out in the section "Risk Factors" of this listing document, including, but not limited to, the sub-sections "The Enlarged Group may fail to realise the anticipated benefits, including estimated synergies, and may fail to achieve its targets in relation to the Acquisition" and "The integration of the Prudential Group and AIA Group may be more difficult than anticipated", and in the section "Forward-looking statements" of this listing document.

Revenue synergies(3)

Prudential believes that there is significant potential to improve the value of new business (VNB)(4) of the AIA Group from the 2009 level of US$837 million pre-tax, through growth in the AIA

(3) All revenue and cost synergies assume that (i) the Acquisition closes on 1 July 2010; (ii) all regulatory and anti-trust approvals for changes of control will be received in all markets without impediments to combine legal entities or develop shared operational functions (for the avoidance of doubt no assumption is made that any of the restrictions on the utilisation of capital referred to in the section headed "Information of the Enlarged Group — Regulatory capital (IGD)" are lifted except to the extent the relevant regulator has at the date of this listing document agreed to lift such restrictions); (iii) no change in the accounting, regulatory or tax environment, including any application of any accounting, regulatory or tax regulations by Prudential, its independent auditors or any relevant regulatory authority in any jurisdiction during the period; and (iv) the planned cost savings or headcount reductions will not be impeded by factors such as government or regulatory intervention, industrial action or other external factors.

(4) The value of new business (VNB) is the embedded value of new insurance contracts written in the year.

Group's APE (from a combination of anticipated market growth and return of the AIA Group to normalised business levels from the depressed levels experienced in 2009, during which the AIA Group's VNB was severely affected by the AIG Events and the global economic crisis) and revenue synergies.

Assuming that AIA Group underlying APE as a whole will grow at a rate of 15% per annum (from a combination of anticipated market growth and the normalisation of the AIA Group's business levels) and that the revenue synergies described below are achieved, Prudential believes the AIA Group business is capable of targeting a value of new business of US$1.7 billion post-tax in 2013 from a post-tax value of new business in 2009 of US$610 million(5).

From the combination of the Prudential Group and AIA Group, Prudential seeks to achieve US$800 million pre-tax (US$650 million post-tax) of annualised run-rate new business profit revenue synergies during 2013. The assumed AIA Group underlying APE growth rate of 15% per annum applies to these synergies from the period in which they are expected to be achieved. These revenue synergies are expressed net of estimated revenue dis-synergies of US$100 million pre-tax new business profit over that period, which may arise from agent attrition, perceived conflicts from the perspective of bancassurance partners and other similar factors. The implementation steps are expected to be phased in over three years and the estimated pre-tax cost of achieving these synergies is up to US$180 million, including a budget of up to US$100 million for sales costs, which will be expensed through income over the lifetime of the applicable contracts.

The following major sources of revenue synergies have been identified: managing product mix for margin improvement and a number of distribution benefits, including agency management to enhance productivity and activity, increasing effectiveness of current bancassurance partnerships and increased utilisation of customer management and data mining tools.

Expected sources of revenue synergies(6)

Source of synergies	Estimated approximate pre-tax value of new business synergies
	(US$m)
Managing AIA product mix for margin improvement	450
Distribution benefits which include:	350
Improve agency management to enhance AIA productivity and activity	
Increasing effectiveness of current AIA bancassurance partnerships	
Increased utilisation of customer management and data mining tools	
Total revenue synergies	800

These are the sources of revenue synergies identified in Prudential's work to date. It is possible that further opportunities to realise revenue synergies may be identified and realised, for example from further improvements in bancassurance productivity in areas not yet quantified, enhanced capital management, portfolio rationalisation and the combination of the two asset management operations.

The pre-tax new business margins of AIA and Prudential Corporation Asia in 2009 were 40% and 57%, respectively. Prudential believes that there is significant opportunity to narrow this margin gap between AIA and Prudential by managing the AIA product mix in line with Prudential's, for

(5) In relation to synergies, the tax rate has been derived from the pre and post tax calculation of the AIA Group embedded value. The tax rates used were the tax rates for individual countries. These tax rates have been held constant for all synergy calculations.

(6) During 2013.

example by increasing the level of unit-linked product sales and the number of health and protection riders on those products.

The Enlarged Group will have an agency force in excess of 550,000[(7)]. The Prudential Group's agents demonstrated significantly higher levels of productivity than those of AIA in 2009, with average productivity in 2009 being higher in all markets other than Thailand. Prudential believes that its expertise will enable it to target the activity levels and the productivity of the AIA Group's agents in line with the Prudential Group's through well established proprietary recruitment, training and incentivisation processes.

Furthermore, the Enlarged Group, excluding AIA India, will have access to approximately 26,000 bank branches and Prudential believes that there is an opportunity to apply its expertise in the bancassurance channel to increase the volumes and value of sales through the AIA Group's existing bank relationships.

Finally, Prudential believes that increased utilisation of customer management and data mining tools can be effectively applied to the Enlarged Group's customers and can accelerate initiatives already underway.

Cost synergies[(8)]

From the combination of the Prudential Group and AIA Group, Prudential seeks to achieve US$370 million of annualised run-rate pre-tax cost synergies during 2013. Of these targeted savings, US$200 million is planned to be generated by combining the AIA Group head office with the Asia regional head office of Prudential and US$170 million from combining in-market life business operations.

The implementation steps are expected to be phased in over three years and the estimated pre-tax cost of achieving these savings is US$380 million.

Expected sources of cost synergies[(9)]

Source of targeted cost synergies	Estimated approximate pre-tax cost synergies (US$m)
People costs	140
Property	30
Investment management	15
Third party procurement	60
Special projects	60
IT	30
Other	35
Total	370

(7) Excludes AIA agency force in India as it is currently intended that the AIA Group's equity interest in AIA India will be disposed of before or around the time of completion of the Acquisition.

(8) All figures in this section reference the financial year 2009 cost base.

(9) During 2013.

Targets

Taking into account both the targeted revenue and cost synergies, in each case subject to the assumptions and costs noted above(10), Prudential believes that it is capable of achieving:

- IFRS pre-tax operating profit(11) in 2013 for the combined Asian business of the Enlarged Group of at least £3,260 million;
- EEV pre-tax new business profit in 2013 for the combined Asian business of the Enlarged Group of at least £2,800 million; and
- the remittance of at least US$1,000 million per annum from the AIA Group in 2011 and onwards.

REGULATORY CAPITAL (IGD)

Prudential's IGD capital surplus was calculated to be £3.4 billion at 31 December 2009 (before allowing for the 2009 final dividend). Prudential forecasts that as at 1 July 2010 its IGD surplus capital following completion of the Transactions will be £5.2 billion (based on an assumed 1 July 2010 closing date and an exchange rate assumption of £1 : US$1.46 at the time of closing). This forecast takes into account:

- the increase in capital surplus as a result of:
  - the gross proceeds of the proposed Rights Issue of £14.5 billion;
  - the issue to AIA Aurora of New Prudential Shares having a value of approximately £3.8 billion;
  - the issue to AIA Aurora of mandatory convertible notes and perpetual tier one notes with an aggregate principal amount of £3.5 billion;
- US$5.5 billion (£3.8 billion at the exchange rate stated above) raised pursuant to the Bond Offerings and/or as drawings under the Hybrid Capital Facility and/or issued as notes under the Subordinated Note Commitment Letter;(12)
- the reduction in capital surplus as a result of the total estimated cost of the transaction of approximately £25.6 billion, that includes the acquisition price, transaction fees and £500 million of budgeted hedging costs (noting that the actual impact of the hedging arrangements on the acquisition price and the income statement will depend on the evolution of the sterling/dollar exchange rate through to completion of the Acquisition); and
- a net increase in capital surplus of £1.8 billion as a result of including the forecast IGD surplus of the AIA Group entities, changes since 31 December 2009 in net assets of Prudential

(10) All the targets assume (i) constant exchange rates, including a £:US$ exchange rate of £1:US$1.5224; (ii) no business acquisitions; (iii) no change in the accounting, regulatory or tax environment, including any application of any accounting regulatory or tax regulations by Prudential, its independent auditors or any relevant regulatory authority in any jurisdiction during the period; (iv) all regulatory and anti-trust approvals for changes of control will be received in all markets without impediments to combine legal entities or develop shared operational functions (for the avoidance of doubt no assumption is made that any of the restrictions on the utilisation of capital referred to in the section headed "Information about the Enlarged Group — Regulatory capital (IGD)" are lifted except to the extent that the relevant regulator has at the date of this listing document agreed to lift such restrictions); and (v) a normalised economic environment consistent with the economic assumptions made by Prudential in calculating the EEV basis supplementary information for the year ended 31 December 2009, as described in Appendix IV to this listing document.

(11) Based on the Prudential basis of IFRS operating profit based on long-term investment returns and before amortisation of acquired value in-force and one-time costs of achieving synergies and transaction (including hedging) costs.

(12) As described in more detail in the section headed "Information about the Transactions — Consideration for the Acquisition" in the sub-paragraph headed "Debt Financing".

eligible to be included in capital (including changes resulting from the forecast operating result less dividends paid or expected to be paid to shareholders of Prudential before 30 June 2010) and other adjustments.

Following completion of the Acquisition, certain amounts of surplus capital (that is capital in excess of the minimum that is held to meet local legal regulatory requirements) held by companies in the AIA Group will continue to be subject to restrictions on utilisation of that capital in other parts of the Enlarged Group and therefore will not be eligible to be treated as part of the IGD surplus. Prudential forecasts that (based on an assumed 1 July 2010 closing date) the amount of surplus capital restricted in this way (principally in AIA Co, AIA-B; AIA Singapore and AIA Thailand) will be approximately £1.1 billion (which is not included in the forecast IGD surplus capital of £5.2 billion referred to above).

Sensitivity analysis

Prudential has estimated the impact of the following stresses on the IGD capital for the Enlarged Group as at 1 July 2010 as follows:

- an instantaneous 20% fall in equity markets would reduce IGD surplus by £0.6 billion;
- a 40% fall in equity markets (comprising an instantaneous 20% fall followed by a further 20% fall over a four week period) would reduce the IGD surplus by £1.3 billion;
- a 150 basis point reduction (subject to a floor of zero) in interest rates would reduce the IGD surplus by £2.4 billion; and
- credit defaults of ten times the expected level would have an impact of £1.7 billion in excess of the annual reserve release.

In addition the Joint Lead Arrangers have entered into a contingent subordinated debt financing facility to Prudential of up to £1 billion. This facility would only be available to be drawn during the period of twelve months following the completion of the Acquisition, on the occurrence of certain stresses on Prudential's IGD capital. Prudential is entitled to extend the availability of the facility for a further twelve months at its option. If drawn, the facility will provide Prudential with capital resources to enhance its IGD capital at the relevant time. The facility will provide for Lower Tier 2 loans with a term of six years. The amount drawn will replenish the IGD capital to the amount referred to under "FSA Supervision Arrangements for the Enlarged Group" in the section headed "Supervision and Regulation" of this listing document. There will be limited conditions to drawing the facility. If drawn, the Joint Lead Arrangers will have the right to exchange the drawings under the facility for Lower Tier 2 notes and/or Upper Tier 2 notes. Drawings under the facility will be used to prepay any amounts outstanding under the Bridge Facility. The commitments under the facility will be mandatorily cancelled, and, subject to FSA approval, any drawings under the facility will be mandatorily prepaid, by an amount equal to the capital benefit arising from (a) any disposals by the Enlarged Group and (b) any capital release from any member of the Enlarged Group, in each case which is counted towards Prudential's IGD capital ratios. The commitments under the facility will also be mandatorily cancelled by an amount equal to the proceeds of any other issuance of regulatory capital by Prudential (except where such issuance is used to refinance or replace any existing regulatory capital instruments). Whilst the facility is in place, Prudential will be subject to restrictions on making acquisitions and on paying dividends which are not consistent with the group dividend policy as described below.

DIVIDEND POLICY

The Directors intend to focus on delivering a growing dividend for the Enlarged Group, which will be determined after taking into account the Enlarged Group's financial flexibility and the Directors' assessment of opportunities to generate attractive returns by investing in specific areas of the business. The Board believe that in the medium term a dividend cover of two times post-tax operating earnings is appropriate.

The 2010 interim dividend is expected to reflect the pro forma earnings of the Enlarged Group as if the Acquisition had taken place on 1 January 2010.

Dividends are waived on shares held for employees under certain of the Prudential Share Schemes.