Investing in and holding the Prudential Shares is subject to a number of risks. Accordingly, investors in the Prudential Shares should carefully consider the risks described below, together with all of the information set out in this listing document, prior to making any investment decision. If one or more of the following risks were to arise, the Prudential Group's and Enlarged Group's business, results of operations, financial condition and/or prospects and/or the Prudential share price could be materially and adversely affected to the detriment of Prudential and its shareholders, and investors could lose all or part of their investment. The risks set out below may not be exhaustive and do not necessarily comprise all of the risks associated with an investment in Prudential and the Prudential Shares. Additional risks and uncertainties not presently known to Prudential or which Prudential currently deems immaterial may arise or become material in the future and may have material adverse effect on Prudential.

A number of material factors (risk factors) affect the Group's operating results, financial condition and trading price. These factors are contingencies that may or may not occur, and the Company is not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the date of this listing document, is not updated, and is subject to the reservation in "Forward-Looking Statements" above. Prospective investors should carefully consider the following information in conjunction with the other information contained in this listing document.

RISKS RELATING TO THE PRUDENTIAL GROUP AND ENLARGED GROUP

The Prudential Group's businesses are, and the Enlarged Group's businesses will be, inherently subject to market fluctuations and general economic conditions

The Prudential Group's businesses are, and the Enlarged Group's businesses will be, inherently subject to market fluctuations and general economic conditions. Uncertain or negative trends in international economic and investment climates which have adversely affected their business and profitability could be repeated, or prolonged, or could worsen.

The adverse effects of such trends, including the unprecedented market dislocation across asset classes and geographical markets witnessed in 2008 and in the first half of 2009, have been and would be felt principally through the following:

- investment impairments or reduced investment returns, as a result of market volatility, could impair the Prudential Group's and the Enlarged Group's ability to write significant volumes of new business which would have a negative impact on their assets under management and profit;
- higher credit defaults and wider credit and liquidity spreads resulting in realised and unrealised credit losses, as experienced during 2008 and 2009, when illiquidity and credit spreads reached all-time highs;
- the Prudential Group in the normal course of business enters (and the Enlarged Group will enter) into a variety of transactions with counterparties, including derivative transactions. Failure of any of these counterparties to discharge their obligations, or where adequate collateral is not in place, could have an adverse impact on the Prudential Group's and the Enlarged Group's results; and
- estimates of the value of financial instruments are difficult because in certain illiquid or closed markets, determining the value at which financial instruments can be realised is highly subjective. Processes to ascertain value and estimates of value require substantial elements of judgement, assumptions and estimates (which may change over time).

Increased illiquidity also adds to uncertainty over the accessibility of financial resources and may reduce capital resources as valuations decline.

Although global markets have begun to stabilise beginning in 2009, interest rates remain low, and many of the challenges of 2008 persist in the credit markets. New challenges may continue to emerge.

A significant part of Prudential's shareholders' profit is related to bonuses for policyholders declared on its with-profits products, which are broadly based on historical and current rates of return on equity, real estate and fixed income securities, as well as the Prudential Group's expectations of future investment returns. During 2008 and for the first half of 2009, the Prudential Group had to operate in the UK against a challenging background of unprecedented volatility in capital and equity markets, interest rates and widespread economic uncertainty. This has led, among other things, to reduced consumer spending, an increase in unemployment, and consequently reduced liquidity, requiring the intervention of the Bank of England via a quantitative easing programme to restore credit liquidity in the market.

For some non-unit-linked investment products, in particular those written in some of the Enlarged Group's Asian operations, it may not be possible to hold assets which will provide cash flows to match exactly those relating to policyholder liabilities. This is particularly true in those countries where bond markets are not developed and in certain markets where regulated surrender values are set with reference to the interest rate environment prevailing at the time of policy issue. This results in a mismatch due to the duration and uncertainty of the liability cash flows and the lack of sufficient assets of a suitable duration. While this residual asset/liability mismatch risk can be managed, it cannot be eliminated. Where interest rates in these markets remain lower than interest rates used to calculate surrender values over a sustained period, this could have an adverse impact on the Enlarged Group's reported profit.

In the US, fluctuations in prevailing interest rates can affect results from Jackson which has a significant spread-based business, with the majority of its assets invested in fixed income securities. In particular, fixed annuities and stable value products written by Jackson expose the Prudential Group to the risk that changes in interest rates, which are not fully reflected in the interest rates credited to customers, will reduce spread. The spread is the difference between the rate of return Jackson is able to earn on the assets backing the policyholders' liabilities and the amounts that are credited to policyholders in the form of benefit increases, subject to minimum crediting rates. During 2008, the US financial services industry faced an unprecedented array of challenges: the S&P 500 index fell by 38.5%, government interest rates fell to historic lows, and global markets experienced a significant increase in volatility. In addition, credit markets seized up and global credit spreads widened to historic levels. These factors contributed to substantial increases in Jackson's unrealised losses. Declines in spread from these products or other spread businesses that Jackson conducts could have a material impact on its businesses or results of operations. Jackson also writes a significant amount of variable annuities that offer capital or income protection guarantees. There could be unforeseen market circumstances where the derivatives that it enters into to hedge its market risks may not fully offset its losses, and any cost of the guarantees that remain unhedged will also affect the Prudential Group's and the Enlarged Group's results.

Interest rate fluctuations may materially and adversely affect the Enlarged Group's profitability

A substantial portion of the Enlarged Group's investment assets will be in interest-bearing investments. For example, for the AIA Group alone, fixed income securities represented 89% of the carrying value of total policyholder and shareholder investments as of 30 November 2009. During periods of declining interest rates the Enlarged Group's average investment yield will decline as maturing investments, as well as bonds and loans that are redeemed or repaid in order to take advantage of the lower interest rate environment, are replaced with new investments with lower yields and coupon payments. As a result, the decline in interest rates would reduce the Enlarged

Group's return on investments, which could materially reduce its profitability, regardless of whether such investments are used to support particular insurance policy obligations.

Certain of the Enlarged Group's insurance obligations will have a longer duration than its investment assets. In addition, some of the Enlarged Group's premiums will be calculated based on an assumed investment yield. As such, lower interest rates may reduce the Enlarged Group's average investment yield, while premiums from certain outstanding products remain unchanged thereby reducing profitability. Falling interest rates or a prolonged period of low interest rates may make it difficult for the Enlarged Group to match effectively its assets to its liabilities. If the current low interest rate environment continues, these negative effects on profitability will persist or possibly increase as average investment yield decreases. In addition, if a decrease in the profitability of the Enlarged Group's products reduces the policyholder surplus relating to participating products, some payments to policyholders, such as non-guaranteed dividends, may decrease or not be paid. In such circumstances, the Enlarged Group may experience an increase in customer dissatisfaction, complaints, potential litigation or surrenders relating to these products.

The process of pricing the Enlarged Group's products often entails making assumptions about interest rates. If actual interest rates are lower than the interest rates assumed during the product pricing process, this could have an adverse effect on the profitability of the products. For products with guaranteed interest rate benefits, declines in interest rates reduce the interest rate spread, or the difference between the amounts that are required to be paid under these products and the rate of return the Enlarged Group is able to earn on its investments intended to support its obligations under these products. The AIA Group has previously offered guaranteed interest products where the guaranteed rate of interest is in excess of current market interest rates. These products were sold primarily in China, the Philippines, Taiwan and Thailand at the then prevailing high market interest rates. As of 30 November 2009, the AIA Group's aggregate policy reserves for such products, calculated in accordance with IFRS, amounted to US$3,504 million, or approximately 5.8% of total net reserves for all of its insurance policies.

During periods of rising interest rates, although the increased investment yield increases the returns on the investment portfolio, surrenders and withdrawals of policies may increase as policyholders seek investments with higher perceived returns. This process could lead to a cash outflow from the Enlarged Group's business. Such outflows could require investment assets to be sold at a time when the prices of those assets are lower because of the increase in market interest rates, which could in turn result in realised investment losses. In addition, unanticipated surrenders and withdrawals could require the Enlarged Group to accelerate the amortisation of deferred policy acquisition costs, which would materially and adversely affect the results of operations. Moreover, a rise in interest rates would have a material adverse effect on shareholders' equity due to a decrease in the fair value of its fixed income investments.

The Enlarged Group will be subject to the risk of potential sovereign debt credit deterioration owing to the amounts of sovereign debt obligations held in its investment portfolio

The Enlarged Group will be subject to the risk of potential sovereign debt credit deterioration and default. Following the Acquisition, the Enlarged Group will hold significant amounts of local currency and foreign currency-denominated sovereign debt obligations in its investment portfolio. The AIA Group held government bonds, primarily issued by governments in Asia, with carrying value of US$17,970 million as of 30 November 2009. In particular, it held Thai government bonds issued in Thai Baht with a carrying value of US$7,374 million. As of 30 November 2009, the AIA Group's aggregate investment in government bonds represented approximately 28% of the carrying value of the AIA Group's total policyholder and shareholder investments. Investment in sovereign debt obligations involves risks not present in debt obligations of corporate issuers. Investing in such instruments creates exposure to the direct or indirect consequences of political, social or economic changes (including changes in governments, heads of states or monarchs) in the countries in which the issuers are located and the creditworthiness of the sovereign. In addition, the issuer of the debt or the governmental authorities that control the repayment of the debt may be unable or unwilling to repay principal or pay interest when due in accordance with the terms of such debt, and the Enlarged Group may have limited recourse to compel payment in the event of a default. A sovereign debtor's willingness or ability to repay principal and to pay interest in a timely manner may be affected by, among other factors, its cash flow situation, its relations with its central bank, the extent of its foreign currency reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the sovereign debtor's policy toward local and international lenders, and the political constraints to which the sovereign debtor may be subject. Periods of economic uncertainty may affect the volatility of market prices of sovereign debt to a greater extent than the volatility inherent in debt obligations of other types of issues. If a sovereign were to default on its obligations, this could have a material adverse effect on the Enlarged Group's financial condition and results of operations.

The Prudential Group is, and the Enlarged Group will be, subject to the risk of exchange rate fluctuations owing to the geographical diversity of its businesses

Due to their geographical diversity, the Prudential Group's and the Enlarged Group's businesses are subject to the risk of exchange rate fluctuations (including the risk of the de-pegging of the HK dollar to the US dollar). The Prudential Group's and Enlarged Group's operations in the US and Asia, which represent a significant proportion of operating profit and shareholders' funds, generally write policies and invest in assets denominated in local currency. Although this practice limits the effect of exchange rate fluctuations on local operating results, it can lead to significant fluctuations in the Prudential Group's and Enlarged Group's consolidated financial statements upon translation of results into pounds sterling. The currency exposure relating to the translation of reported earnings is not currently separately managed. The impact of gains or losses on currency translations is recorded as a component of shareholders' funds within the statement of changes in equity. Consequently, this could impact on the Enlarged Group's gearing ratios (defined as debt over debt plus shareholders' funds).

The Prudential Group conducts, and the Enlarged Group will conduct, their 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 they operate

Changes in government policy (including through changes in governments, heads of state or monarchs), legislation (including tax) or regulatory interpretation applying to companies in the financial services and insurance industries in any of the markets in which the Prudential Group operates (or in which the Enlarged Group will operate), which in some circumstances may be applied retrospectively, may adversely affect the Prudential Group's (and the Enlarged Group's) product range, distribution channels, capital requirements and, consequently, reported results and financing requirements. For example, the AIA Group's businesses in China, Malaysia and Thailand were established prior to the implementation of increased restrictions on foreign ownership, and if any of these were to become subject to more stringent ownership restrictions, this could have an adverse effect on the AIA Group's business. Also, regulators in jurisdictions in which the Prudential Group operates (or in which the Enlarged Group will operate) 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 recent interventions by governments in response to global economic conditions, it is widely expected that there will be a substantial increase in government regulation and supervision of the financial services industry, including the possibility of higher capital requirements, restrictions on certain types of transaction structure, and enhanced supervisory powers.

Current EU directives, including the EU Insurance Groups Directive ("IGD") require European financial services groups to demonstrate net aggregate surplus capital in excess of solvency requirements at the group level in respect of shareholder-owned entities. The test is a continuous requirement, so that the Prudential Group needs (and the Enlarged Group will need) to maintain a somewhat higher amount of regulatory capital at the group level than otherwise necessary in respect of some of its individual businesses to accommodate, for example, short-term movements in global foreign exchange rates, interest rates, deterioration in credit quality and equity markets. The EU is also developing a new solvency framework for insurance companies, referred to as "Solvency II". The new approach will be based on the concept of three pillars — minimum capital requirements, supervisory review of firms' assessment of risk, and enhanced disclosure requirements — and will cover valuations, the treatment of insurance groups, the definition of capital and the overall level of capital requirements. A key aspect of Solvency II is that the assessment of risks and capital requirements will be aligned more closely with economic capital methodologies, and may allow the Prudential Group (and the Enlarged Group) to make use of its internal economic capital models, if approved by the FSA. The Solvency II Directive was formally approved by a meeting of the EU's Economic and Financial Affairs Council on 10 November 2009. The European Commission has already initiated the process of developing the detailed rules that will complement the high-level Principles of the Directive, referred to as "implementing measures", which are subject to a consultation process and are not expected to be finalised until late 2011. There is a significant uncertainty regarding the final outcome of this process. As a result there is a risk that the effect of the measures finally adopted could be adverse for the Enlarged Group, including potentially a significant increase in capital required to support its business.

Various jurisdictions in which the Prudential Group operates (and in which the Enlarged Group will operate) have created investor compensation schemes that require mandatory contributions from market participants in some instances in the event of a failure of a market participant. As a major participant in the majority of its chosen markets, circumstances could arise where the Prudential Group (and the Enlarged Group), along with other companies, may be required to make such contributions.

The Prudential Group's accounts are prepared (and the Enlarged Group's accounts will be prepared) in accordance with current IFRS applicable to the insurance industry. The International Accounting Standards Board ("IASB") introduced a framework that it described as Phase I, which permitted insurers to continue to use the statutory basis of accounting for insurance assets and liabilities that existed in their jurisdictions prior to January 2005. The IASB has published proposals in its Phase II discussion paper, which would introduce significant changes to the statutory reporting of insurance entities that prepare accounts according to IFRS and has stated its intention to publish an Exposure Draft in 2010. It is uncertain whether and how the proposals in the discussion paper will become definitive IFRS and when such changes might take effect.

Any changes or modification of IFRS accounting policies may require a change in the future results or a restatement of reported results.

European Embedded Value ("EEV") basis results are published as supplementary information by Prudential using principles issued by the European CFO (Chief Financial Officers) Forum. The EEV basis is a value-based reporting method for Prudential's long-term business which is used by market analysts and which underpins a significant part of the key performance indicators used by Prudential's management for both internal and external reporting purposes. In June 2008, in an effort to improve the consistency and transparency of embedded value reporting, the CFO Forum published the Market Consistent Embedded Value (MCEV) Principles. Following a review of the impact of turbulent market conditions on the MCEV Principles, the CFO Forum announced in May 2009 the postponement of the mandatory reporting on MCEV basis until 2011 and subsequently, in October 2009, changes in the principles to allow for the inclusion of a liquidity premium, which is the additional return investors require for investing in less liquid assets and is a key component in the calculation of the profitability of UK annuity business. It also announced that it was performing further work to develop more detailed application guidance to increase consistency going forward. When the work has been completed, Prudential (and the Enlarged Group) will consider its approach to the new Principles. The adoption of the new Principles would give rise to different embedded value results from those prepared under the application of European Embedded Value Principles.

The resolution of several issues affecting the financial services industry could have a negative impact on the Prudential Group's and the Enlarged Group's reported results or on their relations with current and potential customers

The Prudential Group is, and the Enlarged Group will be, and both in the future may be, subject to legal and regulatory actions in the ordinary course of their business, both in the UK and internationally. This could be a review of business sold in the past under previously acceptable market practices at the time, such as the requirement in the UK to provide redress to certain past purchasers of pension and mortgage endowment policies, changes to the tax regime affecting products and regulatory reviews on products sold and industry practices, including, in the latter case, businesses it has closed.

Regulators particularly, but not exclusively, in the US and the UK are moving towards a regime based on principles-based regulation which brings an element of uncertainty. These regulators are increasingly interested in the approach that product providers use to select third party distributors and to monitor the appropriateness of sales made by them. In some cases, product providers can be held responsible for the deficiencies of third-party distributors.

In the US, federal and state regulators have focused on, and continue to devote substantial attention to, the mutual fund, fixed index variable annuity and insurance product industries. This includes new regulations in respect of the suitability of broker-dealers' sales of certain products. As a result of publicity relating to widespread perceptions of industry abuses, there have been numerous regulatory inquiries and proposals for legislative and regulatory reforms.

In Asia, regulatory regimes are developing at different speeds, driven by a combination of global factors and local considerations. There is a risk that new requirements are introduced that are retrospectively applied to sales made prior to their introduction.

Litigation, disputes and regulatory investigations may adversely affect the Prudential Group's and the Enlarged Group's profitability and financial condition

The Prudential Group is, and may be in the future, and the Enlarged Group may be, subject to legal actions, disputes and regulatory investigations in the ordinary course of their insurance, investment management and other business operations. These legal actions, disputes and investigations may relate to aspects of the Prudential Group's or the Enlarged Group's businesses and operations that are specific to the Prudential Group or the Enlarged Group, or that are common to companies that operate in the Prudential Group's or the Enlarged Group's markets. Legal actions and disputes may arise under contracts, regulations (including tax) or from a course of conduct taken by the Prudential Group or the Enlarged Group, and may be class actions. Although the Prudential Group believes that it has adequately provided in all material aspects for the costs of litigation and regulatory matters, no assurance can be provided that such provisions are sufficient. Given the large or indeterminate amounts of damages sometimes sought, and the inherent unpredictability of litigation and disputes, it is possible that an adverse outcome could, from time to time, have an adverse effect on the Prudential Group's and the Enlarged Group's results of operations or cash flows.

The Prudential Group's businesses are conducted, and the Enlarged Group's businesses will be conducted, in highly competitive environments with developing demographic trends and continued profitability depends on management's ability to respond to these pressures and trends

The markets for financial services in the UK, US and Asia are highly competitive, with several factors affecting the Prudential Group's and Enlarged Group's ability to sell their products and continued profitability, including price and yields offered, financial strength and ratings, range of product lines and product quality, brand strength and name recognition, investment management performance, historical bonus levels, developing demographic trends and customer appetite for certain savings products. In some of its markets, the Prudential Group faces, and the Enlarged Group may face, competitors that are larger, have greater financial resources or a greater market share, offer a broader range of products or have higher bonus rates or claims-paying ratios. Further, heightened competition for talented and skilled employees and agents with local experience, particularly in Asia, may limit the Prudential Group's and the Enlarged Group's potential to grow their business as quickly as planned.

In Asia, the Prudential Group's and Enlarged Group's principal regional competitors are international financial companies, including Allianz, AXA, ING, and Manulife. In a number of markets, local companies have a very significant market presence.

Within the UK, the Prudential Group's principal competitors in the life market include many of the major retail financial services companies including, in particular, Aviva, Legal & General, Lloyds Banking Group and Standard Life.

Jackson's competitors in the US include major stock and mutual insurance companies, mutual fund organisations, banks and other financial services companies such as AIG, AXA Financial Inc., Hartford Life Inc., Lincoln National, MetLife and TIAA-CREF.

The Prudential Group believes competition will intensify across all regions in response to consumer demand, technological advances, the impact of consolidation, regulatory actions and other factors. The Prudential Group's and the Enlarged Group's ability to generate an appropriate return depends significantly upon its capacity to anticipate and respond appropriately to these competitive pressures.

Downgrades in the Prudential Group's, and following the Acquisition, the Enlarged Group's, financial strength and credit ratings could significantly impact its competitive position and hurt its relationships with creditors or trading counterparties

The Prudential Group's financial strength and credit ratings, which are used by the market to measure its ability to meet policyholder obligations, are an important factor affecting public confidence in most of the Prudential Group's products, and as a result its competitiveness. Downgrades in the Prudential Group's, AIA Group's and/or the Enlarged Group's ratings, as a result of, for example, decreased profitability, increased costs, increased indebtedness or other concerns, could have an adverse effect on its ability to market products and retain current policyholders. In addition, the interest rates the Prudential Group pays on its borrowings are affected by its debt credit ratings, which are in place to measure the Prudential Group's ability to meet its contractual obligations.

As at 31 March 2010:

Prudential's long-term senior debt is rated as A2 (negative outlook) by Moody's, A+ (negative watch) by Standard & Poor's and A+ (negative watch) by Fitch;

Prudential's short-term debt is rated as P-1 by Moody's, A-1 by Standard & Poor's and F1+ (negative watch) by Fitch;

The Prudential Assurance Company Limited long-term fund is rated Aa2 (negative outlook) by Moody's, AA (negative watch) by Standard & Poor's and AA+ (negative watch) by Fitch;

Jackson's financial strength is rated AA (negative watch) by Standard & Poor's and Fitch, A1 (negative outlook) by Moody's, and A+ (under review — negative) by AM Best; and

American International Assurance Company Limited's financial strength is rated A+ (developing) by Standard & Poor's.

In addition, changes in methodologies and criteria used by rating agencies could result in downgrades that do not reflect changes in the general economic conditions or the Prudential Group's financial condition or, following the Acquisition, the Enlarged Group's financial condition.

The Enlarged Group has not yet been rated. There can be no assurance that the Enlarged Group will be rated the same or higher than the current rating of Prudential, its subsidiaries or AIA Co.

Adverse experience in the operational risks inherent in the Prudential Group's and the Enlarged Group's businesses could have a negative impact on their results of operations

Operational risks are present in all of the Prudential Group's businesses and will be present in all of the Enlarged Group's businesses, including the risk of direct or indirect loss resulting from inadequate or failed internal and external processes, systems and human error or from external events. The Prudential Group's business is, and the Enlarged Group's business will be, dependent on processing a large number of complex transactions across numerous and diverse products, and is subject to a number of different legal and regulatory regimes. In addition, the Prudential Group outsources and the Enlarged Group will outsource, several operations, including a significant part of its UK back office and customer-facing functions as well as a number of IT functions, resulting in reliance upon the operational processing performance of its outsourcing partners.

Further, because of the long-term nature of much of the Prudential Group's business, accurate records have to be maintained for significant periods. The Prudential Group's systems and processes incorporate controls which are designed to manage and mitigate the operational risks associated with its activities. For example, any weakness in the administration systems or actuarial reserving processes could have an impact on its results of operations during the effective period. The Prudential Group has not experienced or identified any operational risks in its systems or processes during 2009, which have subsequently caused, or are expected to cause, a significant negative impact on its results of operations.

In addition, the AIA Group has been gradually implementing certain corporate initiatives to update and improve its financial reporting, actuarial and information systems. Key aspects of these initiatives include the introduction of new automated systems to track and analyse investments and the migration to a uniform actuarial platform. Significant time, investments and management resources will be required for these financial reporting systems to be fully updated and optimised. While the Prudential Group has, and the Enlarged Group will have, the IT, management and other reporting systems required for Prudential and New Prudential each to comply with its obligations as a company with securities admitted to the Official List and as a supervised firm regulated by the FSA, as a result of the AIA Group's recent corporate initiatives, the Enlarged Group may experience difficulties that could adversely affect the ability of the Enlarged Group to run its business.

Adverse experience against the assumptions used in pricing products and reporting business results could significantly affect the Prudential Group's and the Enlarged Group's results of operations

The Prudential Group needs, and the Enlarged Group will need, to make assumptions about a number of factors in determining the pricing of its products and setting reserves and for reporting its capital levels and the results of its long-term business operations. For example, the assumption that the Prudential Group makes about future expected levels of mortality is particularly relevant for its UK annuity business. In exchange for a premium equal to the capital value of their accumulated pension fund, pension annuity policyholders receive a guaranteed payment, usually monthly, for as long as they are alive. The Prudential Group conducts rigorous research into longevity risk, using data from its substantial annuitant portfolio. As part of its pension annuity pricing and reserving policy, the Prudential Group's UK business assumes that current rates of mortality continuously improve over time at levels based on adjusted data from the Continuous Mortality Investigations (CMI) as published by the Institute and Faculty of Actuaries. If mortality improvement rates significantly exceed the improvement assumed, the Prudential Group's and Enlarged Group's results of operations could be adversely affected.

A further example is the assumption that the Prudential Group makes about future expected levels of the rates of early termination of products by its customers (persistency). This is particularly relevant to its lines of business other than its UK annuity business. The Prudential Group's persistency assumptions reflect recent past experience for each relevant line of business. Any expected deterioration in future persistency is also reflected in the assumption. If actual levels of future persistency are significantly lower than assumed (that is, policy termination rates are significantly higher than assumed), the Prudential Group's and the Enlarged Group's results of operations could be adversely affected.

Another example is the impact of epidemics and other effects that cause a large number of deaths. Significant influenza epidemics have occurred three times in the last century, but the likelihood, timing, or the severity of future epidemics can not be predicted. The effectiveness of external parties, including governmental and non-governmental organisations, in combating the spread and severity of any epidemics could have a material impact on the Prudential Group's and Enlarged Group's loss experience.

In common with other industry participants, the profitability of the Prudential Group's and the Enlarged Group's businesses depends on a mix of factors including mortality and morbidity trends, policy surrender rates, investment performance and impairments, unit cost of administration and new business acquisition expense.

The business and prospects of the Enlarged Group may be materially and adversely affected if it is not able to manage the growth of the Enlarged Group's operations successfully

The life insurance market in the Asia region has experienced significant growth in recent years. Management of the AIA Group's growth to date has required significant management and operational resources and is likely to continue to do so. Future growth of the Enlarged Group will require, among other things: the continued development of adequate underwriting and claim handling capabilities and skills, sufficient capital base, increased marketing and sales activities and the hiring and training of new personnel.

There is no assurance that the Enlarged Group will be successful in managing future growth. In particular, there may be difficulties in hiring and training sufficient numbers of customer service personnel and agents to keep pace with any future growth in the number of customers in the Asia region. In addition, the Enlarged Group may experience difficulties in upgrading, developing and expanding information technology systems quickly enough to accommodate any future growth. If it is unable to manage future growth successfully, the Enlarged Group's business and prospects may be materially and adversely affected.

As holding companies, Prudential and AIA are each dependent upon their respective subsidiaries to cover operating expenses and dividend payments and, following the Acquisition, New Prudential will in turn depend on dividend payments from Prudential and AIA

The Prudential Group's and AIA Group's insurance and investment management operations are generally conducted through direct and indirect subsidiaries.

As holding companies, Prudential's and AIA's principal sources of funds are remittances from subsidiaries, shareholder-backed funds, the shareholder transfer from long-term funds and any amounts that may be raised through the issuance of equity, debt and commercial paper. Certain of the subsidiaries of each of Prudential and AIA are restricted by applicable insurance, foreign exchange and tax laws, rules and regulations that can limit the payment of dividends, which in some circumstances could limit the ability to pay dividends to shareholders or to make available funds held in certain subsidiaries to cover operating expenses of other members of the Enlarged Group. In particular, AIA has historically been limited by regulators in Thailand on the extent to which it can distribute surplus capital from AIA Thailand to any other subsidiary or branch of the AIA Group. In addition, AIA Co and AIA-B will be required to maintain certain solvency ratios pursuant to an undertaking given by Prudential to the OCI in connection with the Transactions.

Following the Acquisition, New Prudential will be dependent on dividend payments from Prudential and AIA.

The Prudential Group operates, and the Enlarged Group will operate, in a number of markets through joint ventures and other arrangements with third parties (including in China and India), involving certain risks that the Prudential Group does not, and the Enlarged Group will not, face with respect to its consolidated subsidiaries

The Prudential Group operates, and the Enlarged Group will operate, and in certain markets is required by local regulation to operate, through joint ventures (including in China and India). The Prudential Group's and Enlarged Group's ability to exercise management control over their joint venture operations and their investment in them depends on the terms of the joint venture agreements, in particular, the allocation of control among, and continued co-operation between, the joint venture participants. The Prudential Group and the Enlarged Group may also face financial or other exposure in the event that any of their joint venture partners fails to meet their obligations under the joint venture or encounters financial difficulty. In addition, a significant proportion of the Prudential Group's and the Enlarged Group's product distribution is and will be carried out through arrangements with third parties not controlled by the Prudential Group and Enlarged Group respectively and is dependent upon continuation of these relationships. A temporary or permanent disruption to these distribution arrangements could adversely affect the results of operations of the Prudential Group and the Enlarged Group.

Prudential's Articles of Association contain an exclusive jurisdiction provision

Under Prudential's Articles of Association, certain legal proceedings may only be brought in the courts of England and Wales. This applies to legal proceedings by a shareholder (in its capacity as such) against Prudential and/or its directors and/or its professional service providers. It also applies to legal proceedings between Prudential and its directors and/or Prudential and Prudential's professional service providers that arise in connection with legal proceedings between the shareholder and such professional service provider. This provision could make it difficult for US and other non-UK shareholders to enforce their shareholder rights. It is expected that the articles of association of New Prudential will also include a similar provision.

Events relating to the AIG Group could continue to harm the AIA Group's business and reputation and could also harm the Prudential Group's business and reputation

Following the AIG Events, the AIA Group's customers, agents and employees, regulators and business counterparties expressed concerns about the business and financial condition of the AIG Group and the AIA Group. As a result, the AIA Group experienced a temporary increase in policy surrenders and withdrawals and a reduction in new business, primarily attributable to a perceived reduction in the AIA Group's financial strength. Following completion of the Acquisition, the AIA Group will continue to have relationships with the AIG Group, including the provision of services. In addition, although the AIA Group has re-branded a number of its products and businesses to more closely associate them with AIA, in part to overcome any perception of instability surrounding the AIG Group, the re-branding efforts may not be successful or events related or relating to the AIG Group may still adversely impact the AIA Group's reputation. There is also the risk that the Prudential Group's business may suffer due to the association with the AIA Group (including as a result of AIA Aurora's (a subsidiary of AIG) holdings in New Prudential to be issued as part of the consideration for the Acquisition) following the Acquisition, which may lead to, for example, higher withdrawals, lower new business sales, a negative impact on relations with creditors, or a negative impact on the Prudential Group's credit ratings.

Agent, employee and distribution partner misconduct is difficult to detect and deter and could harm the Enlarged Group's reputation or lead to regulatory sanctions or litigation

Agent, employee or distribution partner misconduct could result in violations of law, regulatory sanctions, litigation or serious reputational or financial harm. Such misconduct could include: binding the Enlarged Group to transactions that exceed authorised limits; hiding unauthorised or unsuccessful activities resulting in unknown and unmanaged risks or losses; improperly using or disclosing confidential information, illegal or improper payments; recommending products, services or transactions that are not suitable for customers; misappropriation of funds; engaging in misrepresentation or fraudulent, deceptive or otherwise improper activities when marketing or selling products to customers; engaging in unauthorised or excessive transactions to the detriment of customers; or otherwise not complying with applicable laws or internal policies and procedures.

The measures that the Enlarged Group takes to detect and deter misconduct by agents, employees and distribution partners may not be effective in all cases and may therefore not always be successful in detecting or deterring such misconduct. There is no assurance that any such misconduct would not have a material adverse effect on the Enlarged Group's reputation, business, financial condition, results of operation or prospects.

Changes in tax legislation may result in adverse tax consequences

Tax rules, including those relating to the insurance industry, and their interpretation, may change, possibly with retrospective effect, in any of the jurisdictions in which the Enlarged Group operates. Significant tax disputes with tax authorities, and any change in the tax status of any member of the Prudential Group or the Enlarged Group or in taxation legislation or its interpretation could affect the Prudential Group's and the Enlarged Group's profitability and ability to provide returns to shareholders or alter the post-tax returns to shareholders.

RISKS RELATING TO THE TRANSACTIONS

The Acquisition and the Scheme may each not complete

Completion of the Acquisition is subject to the satisfaction (or waiver) of a number of conditions precedent (including the approval of the holders of Prudential Shares, the approval of the Scheme by the Court and relevant competition and regulatory clearances). Any relevant body may refuse its approval or, in the case of competition or regulatory authorities, may seek to make their approval subject to compliance by Prudential with unanticipated or onerous conditions. In certain jurisdictions, although consent may not be required from the relevant regulator, there may be the risk of that regulator imposing onerous requirements on the Enlarged Group because of the Acquisition. These conditions, if accepted, could have the effect, among other things, of imposing significant additional costs on the Enlarged Group, limiting the Enlarged Group's revenues, requiring divestitures of certain assets, reducing the anticipated benefits of the Acquisition or imposing other operating restrictions upon the business of the Enlarged Group.

The Rights Issue is not conditional upon completion of the Acquisition. 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) will be returned to Prudential's shareholders. In considering how any such proceeds might be returned to Prudential's shareholders, Prudential will take into account, amongst other things, the tax implications for Prudential's shareholders.

In addition, if completion of the Acquisition does not occur, which Prudential believes is unlikely, a termination fee of £153 million (including any VAT due in respect thereof) is, in certain circumstances, payable by Prudential to AIA Aurora.

The integration of the Prudential Group and AIA Group may be more difficult than anticipated

The integration process following the completion of the Acquisition may prove more difficult than anticipated. In addition, if the focus on this process impacts on the performance of its business, the results and operations of the Enlarged Group are also at risk. The integration may take longer than expected, or difficulties relating to the integration may arise or may cost more than estimated. The integration could fail to achieve the increased revenues, earnings, cost savings and operational benefits that are expected to result from the Acquisition and could even incur substantial costs as a result of, for example, inconsistencies in standards, controls, procedures and policies and business cultures between the Prudential Group and the AIA Group and the diversion of management's attention from their responsibilities as a result of the need to deal with integration issues. The success of the integration could also be adversely affected by the occurrence of external factors that are outside the control of the Enlarged Group, such as the adoption of aggressive pricing strategies or other competitive initiatives by the Enlarged Group's competitors at a time when the Prudential Group and AIA Group are focused on implementing the integration. Any difficulties in the integration of internal policies, procedures and controls, for example in relation to risk management, could correspondingly increase the risk exposure and losses may be experienced as a direct or indirect result of failures of the Enlarged Group's policies and controls.

In addition, the Enlarged Group will rely to a large extent on its ability to attract and retain key personnel, including agents, who have in-depth knowledge and understanding of the life insurance market in the geographical markets in which it operates. Key personnel may depart because of issues relating to the uncertainty or difficulty of integration or a desire not to remain with the Enlarged Group. The loss of the services of these personnel may cause the Enlarged Group's business to suffer.

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

Prudential anticipates that it can realise material synergies and growth opportunities from, and achieve certain financial targets following, the combination of the Prudential Group and the AIA Group. To realise the anticipated benefits of this combination, the Enlarged Group will need to, amongst other things, develop strategies and implement a business plan to achieve higher growth through improved sales productivity, higher efficiency, cost savings, complementary distribution channels and broader product offering. The ability of the Enlarged Group to achieve the expected synergies, and other benefits of the Acquisition, including in particular the expected revenue and cost synergies and the financial targets described in "Information About the Enlarged Group — Integration approach and expected financial benefits; Regulatory Capital (IGD)", is subject to the occurrence or non-occurrence of a number of assumptions, including, but not limited to, those set out in that section, and other factors set out in this section of the listing document. If, the Enlarged Group's strategies and business plan following the Acquisition fail to achieve these anticipated benefits, if the value of these anticipated benefits is lower than expected, or if these anticipated benefits take longer or cost more to achieve, the targets and estimated synergies may not be achieved or the profitability of the Enlarged Group going forward could be significantly impacted.

Change of control provisions in the AIA Group's and Prudential Group's agreements may be triggered upon the completion of the Acquisition and may lead to adverse consequences

Each of the AIA Group and the Prudential Group may be party to contracts, agreements and instruments that contain change of control provisions that may be triggered upon the completion of the Acquisition. Agreements with change of control provisions typically provide for, or permit the termination of, the agreement upon the occurrence of a change of control of one of the parties. Usually these provisions, if any, may be waived with the consent of the other party, and Prudential will consider whether it will seek these waivers. In the absence of these waivers, the operation of the change of control provisions, if any, could result in the loss of significant contractual rights and benefits, the termination of significant agreements or the payment of a termination fee. In addition, employment agreements or other employee benefit arrangements with members of each of the AIA Group's and the Prudential Group's employees may contain change of control provisions providing for additional payments following a change of control.

The Acquisition and the Scheme may negatively impact the Prudential Group's or the AIA Group's tax position

The Acquisition and the Scheme in certain jurisdictions are likely to constitute a change of ownership of the AIA Group and the Prudential Group respectively, which may have a negative impact on their respective tax positions. The tax consequences of a change of ownership of a company can include the loss or restriction of certain tax attributes arising before the change of ownership, including, but not limited to, tax losses, tax credits and/or tax basis in assets. The consequences of a change of ownership on the tax position of the Prudential Group or the AIA Group are not expected to be material in the context of the Enlarged Group. In addition, the change of ownership may result in other tax costs not normally associated with the ordinary course of business.

Share prices may fluctuate

The market price of Prudential Shares and Rights Issue Shares (including Nil Paid Rights and Fully Paid Rights) could be subject to significant fluctuations due to changes in sentiment in the market. Such risks depend on the market's perception of the likelihood of completion of the Rights Issue and of the Acquisition, and/or in response to various facts and events, including variations in the Prudential Group's operating results and business developments of Prudential Group and/or its competitors. Stock markets have from time to time experienced significant price and volume fluctuations that have affected the market prices for securities and which may be unrelated to the Prudential Group's operating performance or prospects. Furthermore, the Prudential Group's operating results and prospects from time to time may be below the expectations of market analysts and investors. Any of these events could result in a decline in the market price of Prudential Shares and Rights Issues Shares (including Nil Paid Rights and Fully Paid Rights).

In addition, Prudential has a number of significant shareholders, including, upon completion of the Transactions, AIA Aurora (a subsidiary of AIG), which will hold approximately 10.9% of the issued ordinary share capital of New Prudential (subject to adjustments for, *inter alia*, further issues of Prudential Shares or New Prudential Shares in the period prior to completion of the Acquisition). A sale or sales of a substantial number of Prudential Shares by any of these significant shareholders, either in the public market or in private transactions, or perception that such a sale or sales may occur, could adversely affect the market price of Prudential Shares.

Shareholders who do not take up their rights in full will experience significant dilution in their ownership

Those holders of Existing Shares who do not participate in the Rights Issue will suffer a significant reduction in their proportionate ownership and voting interest in the Prudential Shares as represented by their holding of Prudential Shares immediately following Admission. Even if a holder of Existing Shares elects to sell his unexercised Nil Paid Rights, or such Nil Paid Rights are sold on his behalf, the consideration he receives may not be sufficient to compensate such a holder fully for the dilution of his percentage ownership of Prudential that may be caused as a result of the Rights Issue.

Following completion of the Transactions, shareholders will also experience dilution in their proportionate ownership and voting interest in New Prudential as compared to their proportionate ownership and voting interest in Prudential because of the issue by New Prudential of ordinary shares to AIA Aurora as part of the consideration for the Acquisition.

The trading market for Nil Paid Rights may not develop

An active trading market in the Nil Paid Rights may not develop on the London Stock Exchange, the Stock Exchange and/or the SGX-ST during the trading period. In addition, because the trading price of the Nil Paid Rights depends on the trading price of the Prudential Shares, the Nil Paid Rights price may be volatile.

RISKS RELATING TO THE INTRODUCTION

In order to be entitled to vote at the upcoming Annual General Meeting, Court Meeting and General Meeting and eligible to participate in the Rights Issue, investors must invest in Prudential Shares shortly after the Listing.

Investors who do not vote or vote against the resolutions proposed at the upcoming General Meeting should note that the Rights Issue will still proceed if it is approved by Shareholders at the General Meeting. Shareholders intending to participate in the Rights Issue will need to make available funds to take up their rights. If Shareholders do not take up their rights in full, this will result in a significant dilution in their proportionate ownership and voting interest in the Prudential Shares.

The Existing Shares will be marked "Ex-rights" on the stock exchanges on different dates and may give rise to a difference in trading prices.

Investors should also be aware that, for the purposes of the Rights Issue, the proposed date for the Existing Shares to be marked "ex-rights" on the Stock Exchange is expected to be earlier than the date proposed for the Existing Shares to be marked "ex-rights" on the London Stock Exchange. Investors are therefore warned that a difference in trading prices of the Existing Shares between the stock exchanges may arise from the date the Existing Shares are marked "ex-rights" on the Stock Exchange until they are marked "ex-rights" on the London Stock Exchange.

Movements of Shares from the HK Register to the UK Register may adversely affect the liquidity of the Shares on the Stock Exchange

The Shares are currently traded on the London Stock Exchange. Certain of the Shares are expected to be registered on the HK Register and traded on the Stock Exchange immediately upon completion of the Introduction. Any Shareholder whose Shares are registered on the HK Register may at any time request that its Shares be removed to the Company's UK Register. For further details on the procedures for the removal of Shares between registers, please see the section headed "Removals of Prudential Shares between Registers" contained in Appendix VIII to this listing document. There is no prohibition against the Company's Shareholders who are resident in Hong Kong from moving their Shares between the UK Register and the HK Register. Consequently, there is no assurance that the Shares will continue to be registered on the HK Register and be traded on the Stock Exchange following completion of the Introduction. In the event that a substantial number of Shares are removed from the HK Register to the UK Register, the liquidity of the Shares on the Stock Exchange may be adversely affected.

Movement of Shares to CDP from CCASS may adversely affect the liquidity of the Shares on the Stock Exchange

The Shares are currently traded on the London Stock Exchange via the CREST system and will be traded on the Stock Exchange and settled via the CCASS system. Pursuant to the Singapore Introduction, all dealings in and transactions of the Shares executed on the SGX-ST will be cleared and settled under the electronic book-entry clearance and settlement system of CDP. CDP has in turn appointed a nominee to hold the Shares deposited with CDP in CCASS. Any Shareholder whose Shares are held in CCASS for trading on the Stock Exchange may at any time request that its Shares be moved to the CDP nominee account in CCASS for holding through CDP and trading on the SGX-ST, and vice versa. For further details on the procedures for the movement of Shares into and out of CDP, please see "Registration and Removal of Prudential Shares Between Registers — Information on Singapore Introduction" in Appendix VIII to this listing document. In the event that a substantial number of Shares are moved from CCASS to CDP for trading on the SGX-ST, the liquidity of the Shares on the Stock Exchange may be adversely affected.

Shares removed from the UK Register to the HK Register in the Batch Removal (as set out in the section headed "Removals of Prudential Shares Between Registers — Batch Removal process" in Appendix VIII to this listing document) may include Shares which Shareholders intend at that time or subsequently to move to CDP for trading on the SGX-ST. Accordingly, it is possible that not all of the Shares removed from the UK Register to the HK Register in the Batch Removal will necessarily be available for trading in Hong Kong. Any Shares moved to CDP may adversely affect the liquidity of the Shares on the Stock Exchange.

An active trading market for Prudential Shares on the Stock Exchange may not develop or be sustained, their trading prices may fluctuate significantly and the effectiveness of the liquidity arrangements by the Designated Dealers may be limited

Following the completion of the Introduction, Prudential cannot assure that an active trading market for Prudential Shares on the Stock Exchange will develop or be sustained. In addition, the expected market price for Prudential Shares in Hong Kong following the Introduction may not be indicative of the trading prices of the Prudential Shares on the London Stock Exchange and Prudential ADRs on the New York Stock Exchange. If an active trading market of Prudential Shares on the Stock Exchange does not develop or is not sustained after the Introduction, the market price and liquidity of Prudential Shares on the Stock Exchange could be materially and adversely affected.

Throughout the Designated Period, the Designated Dealers intend to carry out liquidity activities (as set out in the section headed "Registration and Removal of Prudential Shares Between Registers — Liquidity Arrangements" in Appendix VIII to this listing document). Whilst such stock borrowing and trading activities are expected to contribute towards liquidity to meet demand for Prudential Shares to avoid a disorderly market in the Prudential Shares arising from excess demand for Prudential Shares not fulfilled in Hong Kong upon and during the initial period following the Introduction, investors should be aware that such liquidity arrangements are subject to the Designated Dealers' ability to obtain sufficient numbers of Prudential Shares for settlement on the Hong Kong market to meet demand. There is no guarantee that such liquidity arrangements will attain and/or maintain liquidity in the Prudential Shares at any particular level on the Stock Exchange, nor is there any assurance that the price of the Prudential Shares in Hong Kong will not exhibit significant volatility.

The liquidity arrangements do not create any obligation on the Designated Dealers to undertake any stock borrowing, trades or other transactions in the Prudential Shares. Accordingly, there is no guarantee that during the Designated Period, the price at which the Prudential Shares are traded on the Stock Exchange will be substantially the same as or similar to the price at which the Prudential Shares are traded on the London Stock Exchange or that any particular volume of the Prudential Shares will trade on the Stock Exchange. The liquidity arrangements being implemented in connection with the Introduction are not equivalent to the price stabilisation activities which may be undertaken in connection with an initial public offering. In addition, the Designated Dealers are not acting as market makers and do not undertake to create or make a market in Prudential Shares on the Stock Exchange. In particular, the Designated Dealers do not intend to seek to use buying of Prudential Shares in Hong Kong to meet excess supply in the market.

The liquidity arrangements will also terminate and cease to continue beyond the Designated Period. Accordingly, there may be volatility in the Hong Kong market after the Designated Period and in particular during the period when movements of Prudential Shares between the UK Register and the HK Register are suspended in connection with the Rights Issue when the availability of Prudential Shares in Hong Kong may be limited. Upon expiry of the Designated Period, the Designated Dealers will be obliged to return the Prudential Shares they have borrowed pursuant to the liquidity arrangements. If this is effected by purchasing Prudential Shares in the UK market and transferring such Prudential Shares to the lenders, such activity may create volatility in the UK market which may, in turn, lead to volatility in the Hong Kong market. If this is effected by returning unutilised Prudential Shares borrowed in the UK and moved to Hong Kong back to the UK, such Prudential Shares would no longer be available to contribute to liquidity in the Hong Kong market.

The period required for the Shares to be moved between the UK and Hong Kong markets and between the Hong Kong and Singapore markets may be longer than expected, and Shareholders may not be able to settle or effect any sales of their Shares during this period.

There is no direct trading or settlement between the stock exchanges of London and Hong Kong nor between the stock exchanges of Hong Kong and Singapore. To enable the migration of Shares between the relevant stock exchanges (including the migration necessary for a transfer between the London Stock Exchange and the SGX-ST), Shareholders are required to comply with specific procedures and bear necessary costs. Details of the share transfer procedures under normal circumstances are set out in Appendix VIII to this listing document. However, there is no assurance that the removal of Shares will complete in accordance with the timelines set out in Appendix VIII to this listing document. There may be unforeseen market circumstances or other factors which delay the removal of Shares between registers, thereby preventing the Shareholders from settling or effecting the sale of their Shares.

Investors are subject to exchange rate risk between pounds sterling, Hong Kong dollars and US dollars

The value of an investment in the Shares quoted in Hong Kong dollars or US dollars could be affected by movements in the pounds sterling/Hong Kong dollar, the pounds sterling/US dollar and the US dollar/Hong Kong dollar exchange rates.