

Guidance as to market value of Jackson shares for United States tax reporting purposes

Important information

The following is a general guide for United States (US) tax resident shareholders and ADR holders of Prudential plc who hold their shares or ADRs as capital assets and who receive, or are treated as receiving, Jackson shares pursuant to the demerger. It does not constitute tax advice and must not be relied upon as such. All US resident shareholders and ADR holders should consult with their own independent tax advisers regarding their participation in the demerger and the determination for US tax purposes of the value of the demerger dividend received by them, in light of their own particular circumstances.

US taxation implications of the demerger dividend for US resident shareholders

- For US (individual and corporate) resident shareholders and ADR holders of Prudential plc, the receipt of Jackson shares under the demerger will generally be a taxable dividend for US income tax purposes.
- The value of the dividend for an individual US resident shareholder or ADR holder will be equal to the market value of the Jackson shares received on the date of the demerger – 13 September 2021 - and is separate from the value of any shares sold.
- All US resident shareholders and ADR holders will have a tax basis in the Jackson shares equal to the market value of the Jackson shares received on the date of the demerger.

Market value of Jackson shares for US tax purposes

The market value of Jackson shares for US tax purposes is determined by the value of those shares on the date of the demerger dividend – 13 September 2021. The Jackson shares commenced “when issued trading” on the NYSE on 1 September 2021 and will commence regular trading on the NYSE on 20 September 2021.

Although there is no authority directly on point, Prudential plc (taking account of Regulation 20.2031-2 valuation of stocks and bonds) believes the best indication of market value for US tax purposes is the average of the highest and lowest share prices on the relevant date (13 September 2021).

On 13 September 2021, the highest share price of the Jackson shares was \$27.63 and the lowest share price was \$26.51. The average of these two prices is **\$27.07**.

For example, if you have 10,000 Prudential shares, you will have received 250 Jackson shares and the value of the shares for US tax purposes, using the methodology above, should be \$6,767.50.

Share Sale Option

If you chose to participate in the Share Sale Option, you will be treated as immediately disposing of the Jackson shares that you receive under the demerger. The sale of the Jackson shares will be completed within 60 days of the demerger.

If you are an individual US tax resident shareholder (or ADR holder), you will still need to include the market value of the Jackson shares at the date of the demerger (\$27.07 per Jackson share as outlined above) as a taxable dividend.

Your tax basis in the Jackson shares will be equal to the market value of the Jackson shares received at the time of the distribution, not at the time of sale. Therefore, you could make a capital gain or capital loss equal to the difference between the sales proceeds realised under the Share Sale Option and your tax basis in the Jackson shares sold.