

Part II

Some Questions and Answers on the Rights Issue

The questions and answers set out in this Part II are intended to be in general terms only and, as such, you should read Part III of this document for full details of what action you should take. If you are in any doubt as to what action you should take, please consult your stockbroker, bank manager, solicitor, accountant, fund manager or independent financial adviser who, if you are taking advice in the United Kingdom, is authorised under the Financial Services and Markets Act 2000 or, if you are taking advice in Ireland is authorised or exempted pursuant to the Investments Intermediaries Act 1995 of Ireland or the Stock Exchange Act 1995 of Ireland.

This Part II deals with general questions relating to the Rights Issue and more specific questions relating to Shares held in certificated form only. If you hold your Shares in uncertificated form (that is, through CREST), you should read Part III of this document for an explanation of what action you should take. If you are a CREST sponsored member, you should also consult your CREST sponsor.

If you do not know whether your Shares are in certificated or uncertificated form, call the Shareholder Helpline on Freephone 0800 174350 (or +44 1903 702767 if you are calling from outside the UK). For legal reasons, the Shareholder Helpline will be unable to give advice on the merits of the Rights Issue or to provide financial or investment advice.

GENERAL QUESTIONS AND QUESTIONS FOR HOLDERS WITH SHARE CERTIFICATES

What is a rights issue?

Rights issues are a way for companies to raise money. They do this by giving their existing shareholders a right to buy shares in proportion to their existing shareholdings. This Rights Issue is an offer of 1 New Share for every 6 Existing Shares held at the close of business on 15 October 2004 (the Record Date for the Rights Issue). So, if you hold Shares on the Record Date, you will be entitled to buy 1 New Share for every 6 Existing Shares you hold.

New Shares are being offered to Qualifying Shareholders in the Rights Issue at a discount to the current share price. Because of this discount, the right to buy the New Shares is potentially valuable. In this Rights Issue, the Issue Price represents a 32.8 per cent. discount to the closing middle market price of 458 pence per Share on 18 October 2004, the last dealing day before the announcement of the Rights Issue.

If you do not want to buy the New Shares to which you are entitled, you can instead sell or transfer your rights (called Nil Paid Rights) to those shares and receive the net proceeds of the sale or transfer in cash. This is referred to as dealing "nil paid".

What do I need to do in relation to the Rights Issue?

If you hold Shares in certificated form and do not have a registered address in Canada, France, New Zealand, South Africa, Spain, Switzerland or the United States you have been sent with this document a Provisional Allotment Letter that shows:

in Box 1: how many Existing Shares you held at the close of business on 15 October 2004 (the Record Date for the Rights Issue);

in Box 2: how many New Shares you are entitled to buy; and

in Box 3: how much you need to pay if you want to take up your rights in full.

If you have a registered address in Canada, France, New Zealand, South Africa, Spain, Switzerland or the United States, subject to certain exceptions, you will not receive a Provisional Allotment Letter.

What are my options and what should I do with the Provisional Allotment Letter?

(a) If you want to take up all your rights

If you want to take up all your rights to subscribe for the New Shares to which you are entitled, all you need to do is send the Provisional Allotment Letter, together with your cheque for the full amount

shown in Box 3, payable to “Lloyds TSB Bank plc” and crossed “A/C payee only”, by post or by hand only (during normal business hours) to Lloyds TSB Registrars, Princess House, 1 Suffolk Lane, London, EC4R 0AX to arrive before 11.00 a.m. on 10 November 2004. Within the UK only you can use the reply-paid envelope which will be enclosed with the Provisional Allotment Letter. Section 3(b) of Part III of this document has full instructions on how to accept and pay for your New Shares. Instructions are also set out in the Provisional Allotment Letter. You will be required to pay in full for all the rights you take up. A definitive share certificate will then be sent to you for the New Shares you buy.

You will only need your Provisional Allotment Letter to be returned to you if you want to deal in your Fully Paid Rights. Your Provisional Allotment Letter will not be returned to you unless you tick Box 4 on page 1 of the Provisional Allotment Letter. Your definitive share certificate for New Shares is expected to be despatched to you by 22 November 2004.

(b) If you do not want to take up your rights at all

If you do not want to take up your rights, you do not need to do anything. If you do not return your Provisional Allotment Letter subscribing for the New Shares to which you are entitled by 11.00 a.m. on 10 November 2004, we have made arrangements under which the Underwriters will try to find investors by close of business on 15 November 2004 to take up your rights and those of others who have not taken up their rights. If the Underwriters do find investors who agree to pay a premium over the Issue Price and the related expenses of procuring those investors (including any applicable brokerage and commissions and amounts in respect of value added tax), you will be sent a cheque for your share of the amount of that premium provided that this is £3.00 or more. Cheques are expected to be despatched by 22 November 2004 and will be sent to your address appearing on Prudential's register of members (or to the first named holder if you hold your shares jointly). If the Underwriters cannot find investors who agree to pay a premium over the Issue Price and related expenses, you will not receive any payment.

Alternatively, if you do not want to take up your rights, you can sell or transfer your Nil Paid Rights (see section (d) below).

(c) If you want to take up some but not all of your rights

If you want to take up some but not all of your rights and wish to sell some or all of those you do not want to take up, you should first apply to have your Provisional Allotment Letter split by completing Form X on page 4 of the Provisional Allotment Letter, and returning it by post or by hand only (during normal business hours) to Lloyds TSB Registrars, Princess House, 1 Suffolk Lane, London, EC4R 0AX to be received by 3.00 p.m. on 8 November 2004, the last time and date for splitting Provisional Allotment Letters, together with a covering letter stating the number of split Provisional Allotment Letters required and the number of Nil Paid Rights to be comprised in each split Provisional Allotment Letter. You should then deliver the split Provisional Allotment Letter representing the New Shares you wish to accept together with your cheque to Lloyds TSB Registrars (see section (a) above) to be received by 11.00 a.m. on 10 November 2004, the last time and date for acceptance and payment in full.

Alternatively, if you want only to take up some of your rights (but not sell the rest yourself), you should complete Form X on page 4 of the Provisional Allotment Letter and return it with a cheque together with an accompanying letter indicating the number of Nil Paid Rights you wish to take up, in accordance with the provisions set out in section 2 on page 3 of the Provisional Allotment Letter.

(d) If you want to sell all of your rights

If you want to sell all of your rights you should complete and sign Form X on page 4 of the Provisional Allotment Letter (if it is not already marked “Original Duly Renounced”) and pass the entire letter to your stockbroker, bank manager or other appropriate financial adviser or to the transferee (provided they are not in the United States, Canada, France, Switzerland, Spain, New Zealand or South Africa). The latest time and date for selling all your rights is 11.00 a.m. on 10 November 2004. Please ensure, however, that you allow enough time so as to enable the person acquiring your rights to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 10 November 2004.

How do I know if I am eligible to participate in the Rights Issue?

If you receive a Provisional Allotment Letter (and, if you are a holder in the United States or an Excluded Territory and can make the representations in sections 7 and 8, as applicable, of Part III below) then you should be eligible to participate in the Rights Issue (as long as you have not sold all of your Existing Shares before 20 October 2004 (the ex-rights date)).

What if I have not received a Provisional Allotment Letter?

If you have not received a Provisional Allotment Letter and you do not hold your Existing Shares in CREST, this probably means that you are not eligible to participate in the Rights Issue. Some Qualifying Shareholders, however, will not receive a Provisional Allotment Letter but may still be eligible to participate in the Rights Issue, namely:

- Qualifying CREST Shareholders (please see Part III below);
- Qualifying non-CREST Shareholders who bought Shares before 20 October 2004 but were not registered as the holders of those Shares at the close of business on 15 October 2004; and
- certain Overseas Shareholders.

If you have not received a Provisional Allotment Letter but think that you should have received one, please contact the Shareholder Helpline on Freephone 0800 174350 (or +44 1903 702767 if you are calling from outside the UK). For legal reasons, the Shareholder Helpline will only be able to provide information contained in this document (and in addition information relating to Prudential's register of members) and will be unable to give advice on the merits of the Rights Issue or to provide financial or investment advice.

How many New Shares am I entitled to buy?

Box 2 on page 1 of the Provisional Allotment Letter will show the number of New Shares you are entitled to buy. You are entitled to 1 New Share for every 6 Existing Shares held on 15 October 2004, the Record Date.

If I buy Shares after the Record Date for the Rights Issue (15 October 2004) will I be eligible to participate in the Rights Issue?

If you bought Shares after the Record Date but prior to 20 October 2004 (the date the Shares start trading ex-rights — that is, without the right to participate in the Rights Issue), you will be eligible to participate in the Rights Issue. If you buy Shares on or after 20 October 2004, you will not be eligible to participate in the Rights Issue in respect of those Shares.

If I take up my rights, when will I receive my new share certificate?

If you take up your rights under the Rights Issue, share certificates for the New Shares are expected to be posted by 22 November 2004.

Am I entitled to fractions of Shares?

Your entitlement is calculated by multiplying your holding of Existing Shares by 1 and dividing the result by 6. If the result is not a whole number, you will not receive a New Share in respect of the fractional entitlement. The New Shares representing the collective fractional entitlements of all Shareholders will be sold during the nil paid trading period for the benefit of the Company.

Will I be taxed if I take up or sell my rights or if my rights are sold on my behalf?

If you are resident in the UK for tax purposes, you will not have to pay UK tax when you take up your rights, although the Rights Issue will affect the amount of UK tax you may pay when you subsequently sell your Shares. However, you may be subject to capital gains tax on any proceeds you receive from the sale of your rights (unless, generally, the proceeds do not exceed £3,000, although in that case the amount of UK tax you may pay when you subsequently sell your Shares will be affected).

Further information for Qualifying Shareholders who are resident in the UK, Ireland, the Netherlands, the United States and Australia for tax purposes is contained in section 12 of Part VII of this document. This information is intended as a general guide to the current tax positions in the UK, Ireland, the Netherlands, the United States and Australia and Qualifying Shareholders in these jurisdictions should consult their own tax advisers regarding the tax treatment of the Rights Issue in light of their own circumstances. Qualifying Shareholders who are in any doubt as to their tax position, or who are subject to tax in any other jurisdiction, should consult an appropriate professional adviser as soon as possible.

I understand that there is a period when there is trading in the Nil Paid Rights. What does this mean?

If you do not want to buy the New Shares being offered to you under the Rights Issue, you can instead sell or transfer your rights (called Nil Paid Rights) to those New Shares and receive the net proceeds of the sale or transfer in cash. This is referred to as dealing “nil paid”. This means that, during the Rights Issue offer period (i.e. between 20 October 2004 and 10 November 2004), you can either purchase Shares (which will not carry any entitlement to participate in the Rights Issue) or you can trade in the Nil Paid Rights. See section 3(d) of Part III of this document for more details.

What if I want to sell the New Shares I have paid for?

Provided the New Shares have been paid for and you have requested the return of the receipted Provisional Allotment Letter, you can transfer the Fully Paid Rights by completing Form X, the form of renunciation, on the back of the receipted Provisional Allotment Letter in accordance with the instructions set out on page 4 of the Provisional Allotment Letter until 11.00 a.m. on 10 November 2004. See section 3(f) of Part III of this document for more details.

After that date, you will be able to sell your New Shares in the normal way. The share certificate relating to your New Shares is expected to be despatched to you by 22 November 2004. Pending despatch of such share certificate, instruments of transfer will be certified by Lloyds TSB Registrars against the register.

What if I am entitled to Shares under the Prudential Share Schemes and/or Employee Option Schemes?

Participants in the Prudential Share Schemes and Employee Option Schemes will be advised separately of adjustments (if any) to their rights and/or any entitlement to participate in the Rights Issue.

What should I do if I live outside the UK?

Your ability to take up rights to New Shares may be affected by the laws of the country in which you live and you should take professional advice about any formalities you need to observe. Shareholders resident outside the UK should refer to sections 7 and 8 of Part III of this document.

Your attention is drawn to the terms and conditions of the Rights Issue in Part III of this document and (in the case of Qualifying non-CREST Shareholders) those to be contained in the Provisional Allotment Letter.

Will the Rights Issue affect the dividends the Company pays?

Following completion of the Rights Issue, future dividend payments per Share will be adjusted to take account of the bonus element of the Rights Issue. The adjustment will take account of the discount in the Issue Price to the share price at close of business on 19 October 2004, being the day prior to the day on which dealings in the New Shares, nil paid, are expected to commence.