Directors' remuneration report

Directors' remuneration report

Directors' remuneration report
For year ending 31 December 2008

Dear Shareholders

I am pleased to present the 2008 remuneration report for Prudential, setting out our remuneration policy for senior executives and the remuneration for our executive directors.

The primary objectives of our remuneration policy remain unchanged: to attract high calibre executives and to encourage them to contribute to the success of Prudential by fulfilling our business plans, thereby achieving returns for our shareholders. We reward executives based on the Company's success and their individual contributions. By focusing on the delivery of both short and long-term business objectives the remuneration policy supports the Company's strategy and goals and is effectively aligned with the interests of shareholders.

As I indicated in last year's Report, in 2008 the Committee undertook a full review of the remuneration policy for the executive directors. The results of the review clearly indicated that there are areas of our executive directors' remuneration which are below market, particularly incentive levels. However when considering the findings of the review, we have been very conscious of the current economic climate, both globally and in each region in which we do business. Hence the Committee considers that this is not an appropriate time to make changes to executive compensation. In reaching this decision we have been particularly mindful of the interests and perspectives of shareholders.

In consequence:

- We made no changes for 2009 to the basic salaries of our executive directors or our Group Leadership Team (top 100 employees);
- in deciding 2008 bonus levels, we applied no discretion when considering the financial results against targets which had been set at the beginning of the year; and
- we have not changed the levels of long-term incentive awards for 2009.

During 2008 we also reviewed our incentive arrangements to ensure that they do not encourage inappropriate behaviour, especially in terms of short-term risk taking. The annual bonus plan measures for 2009 place particular emphasis on generation of cash and preservation of capital, as discussed on page 105 to reflect the importance of these factors to the Group. The Committee is satisfied that the structure of the incentive arrangements is appropriate but will continue to keep this under review during the year.

The Remuneration Committee determines remuneration policy and makes decisions on individuals' remuneration while taking into account:

- The UK's regulatory framework;
- shareholders' views;
- good practice as set out in investor guidelines;
- UK corporate governance standards;
- remuneration practices and levels of compensation in local markets; and
- remuneration arrangements for other employees in the Company.

Thus the policy aims to comply with good practice in the UK, whilst not losing sight of the need to take account of competitive conditions in the local market in which an individual works.

The Committee's remuneration policy applies a set of Remuneration Principles which support the Committee's strong belief that remuneration must reflect performance which delivers the Group's strategy and ensures a continuing alignment with the shareholders. The review conducted in 2008 confirmed the validity of the principles which guide the Remuneration Committee in determining its general approach to remuneration and the awards made to the individual executive directors.

The Remuneration Principles which the Committee has applied are:

- A high proportion of total remuneration will be delivered through performance-related reward with high levels of reward only being paid for high levels of achievement;
- a significant element of performance-related reward will be provided in the form of shares;
- the total remuneration package for each executive director will be set in relation to the relevant employment market;
- the performance of business unit executives will be measured at both a business unit and Group level;
- performance measures will include absolute financial measures and relative measures as appropriate, to provide alignment between achieving results for shareholders and the rewards for executives; and
- reward structures will be designed to deliver fair and equitable remuneration for all employees.

The Committee will continue to review these principles regularly.

The members of the Remuneration Committee during 2008, listed below, are all independent non-executive directors:

Bridget Macaskill (Chairman)
Keki Dadiseth
Michael Garrett
James Ross (joined 1 January 2008)

The Committee meets on at least four occasions each year and more often when necessary. In 2008 the Committee met eight times. The Chairman and the Group Chief Executive are invited to attend the meetings and are asked to provide their views as appropriate. The Committee decides the remuneration of the Chairman and the executive directors, including the Group Chief Executive, but in no case is any person present when their own remuneration is discussed. Each year the Committee reviews the remuneration of senior management throughout the Group.

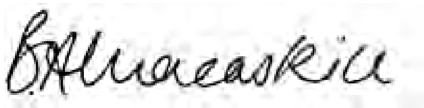
In addition to the review undertaken, during last year the Committee addressed its regular tasks of determining the appropriate level of the executive directors' annual incentive reward for the previous year, deciding incentive award structures for the current year and reviewing salaries for the subsequent year. In addition, the Committee:

- Finalised the proposals on the new long-term incentive plan for Michael McLintock which was approved by shareholders at the Annual General Meeting and implemented during 2008;
- reviewed the comparator group of companies to be used under the 2008 Group Performance Share Plan;
- finalised the terms following the resignation of Philip Broadley;
- finalised the terms for the appointment of Tidjane Thiam;
- finalised the terms for the appointment of Harvey McGrath;
- reviewed the performance measures in the long-term incentive plans; and
- reviewed the remuneration of senior managers throughout the Group.

It has been announced that Tidjane Thiam will succeed Mark Tucker as Group Chief Executive from 1 October 2009. The details of the remuneration terms which the Committee has agreed for Tidjane Thiam and the arrangements for Mark Tucker following his resignation have been included on page 114 in this Report.

The Committee sought the views and assistance of Priscilla Vacassin, Group Human Resources Director, Hilary Oliver, Director of Group Reward and Employee Relations, Philip Broadley, Group Finance Director until May 2008 and Tidjane Thiam, Chief Financial Officer from May 2008. In making its decisions, the Committee also requested consultancy assistance from Deloitte LLP and PricewaterhouseCoopers LLP, reviewed market data from Deloitte LLP, Towers Perrin and McLagan Partners and obtained legal advice, including employment law and advice on the operation of the Company's share plans from Slaughter and May and Linklaters. Some of these companies also provided other services to the Company: Deloitte LLP, PricewaterhouseCoopers LLP and Slaughter and May in relation to advice on taxation and finance matters, Towers Perrin in relation to advisory work on finance matters and Slaughter and May in relation to advice on commercial and corporate law and general legal advice.

I remain fully confident the Committee's approach is fully aligned with the Company's business plans and shareholder interests, and rewards Prudential's executive directors appropriately for their performance.



Bridget Macaskill
Chairman
Remuneration Committee

18 March 2009

Directors' Remuneration Regulations

The 2008 Directors' Remuneration Report has been approved by the Board in accordance with Section 234C of the Companies Act 1985, and in accordance with Section 241A of the Companies Act a resolution will be put to shareholders at the Annual General Meeting inviting them to consider and vote on it. This report complies with the requirements of the Regulations and KPMG Audit Plc has audited the sections contained on pages 117 to 127.

During the year, the Company has complied with Schedule A and Schedule B and the provisions relating to the Principles of Good Governance and Code of Best Practice of the Combined Code then in force regarding directors' remuneration.

Directors' remuneration report
For year ending 31 December 2008
continued

Remuneration Committee terms of reference

The Remuneration Committee's terms of reference are available on the Company's website and a copy may be obtained from the Company Secretary.

The Committee's objectives include:

- Determining the remuneration framework for the Chairman and the executive directors;
- reviewing the design of all long-term incentive arrangements applying to the executive directors;
- approving the design and targets for any performance-related pay plans for the executive directors and individual payments made under the plans;
- setting the Chairman's fees and executive directors' annual remuneration packages;
- reviewing the terms of the executive directors' service agreements;
- monitoring the remuneration of a defined population of senior executives;
- reviewing the design of all share incentive plans operating over Prudential plc shares;
- determining the structure and quantum of any severance packages for executive directors; and
- approving the annual Directors' Remuneration Report.

Remuneration Policy for executive directors

The Company's Remuneration Policy applies the Remuneration Principles as described in the letter from the Chairman of the Remuneration Committee, including the principle of setting remuneration structures of individual executive directors by reference to their different roles and the markets in which they operate.

In overall terms, the Committee considers the current remuneration architecture for the executive directors is appropriate because of its simplicity and transparency and its alignment with shareholders' interests.

Mark Tucker is leaving Prudential on 30 September 2009 and Tidjane Thiam will become Group Chief Executive from 1 October 2009. The remuneration arrangements which will apply to Mark following his resignation and Tidjane on his appointment are included on page 114 of this Report.

Remuneration Policy and structure for 2009

During 2008 the Committee:

- Reviewed the Remuneration Principles which guide its decisions and confirmed they were in line with good practice;
- confirmed that the remuneration structure for each of the executive directors was broadly appropriate with a correct balance between
  - fixed and variable elements of remuneration
  - annual and long-term incentives
  - reward provided in cash and shares
  - incentives based on Group and business unit performance;
- reviewed the executive directors' remuneration against market at a total compensation level and by different elements;
- decided that although there were areas of remuneration below market, no changes to incentive levels would be made at this time;
- decided that no salary increases for executive directors would be made in 2009;
- considered the design, including the performance measures, of our annual incentive arrangements for executive directors;
- considered the design, including the performance measures, of our long-term incentive arrangements for executive directors; and
- considered the salary review plans for all other employees and incentive arrangements in the Group.

Review of market positioning

During 2008, the Committee reviewed its policy on the appropriate market position for each executive director and confirmed the following:

- Setting total compensation against the median of the FTSE 50 for the relevant role is appropriate for Mark Tucker, Tidjane Thiam, and Nick Prettejohn;
- setting total compensation against the median of the FTSE 50 for the relevant role is also appropriate for Barry Stowe, in the absence of reliable market data in Asia;
- setting total compensation against the median of the Life Office Management Association (LOMA) data for US insurers is appropriate for Clark Manning; and
- setting total compensation for Michael McLintock against survey data from McLagan Partners of an appropriate peer group is appropriate, targeting median compensation for median performance and upper quartile for superior performance.

Performance measures in 2009 annual bonus plans

The 2009 annual plans for the majority of executive directors include performance measures at a Group and business unit level based on:

IFRS profits
EEV profits
Operating cash flow
Insurance Groups Directive capital surplus position

Michael McLintock's business unit annual plan includes growth in third-party funds, M&G investment performance and M&G IFRS profit.

The proportions of financial and individual performance for each executive director are:

2009 Annual incentives

	Financial measures		Personal performance
	Group	Business unit	
Clark Manning*	25%	65%	10%
Michael McLintock	10%	75%	15%
Nick Prettejohn	20%	60%	20%
Barry Stowe	20%	60%	20%
Tidjane Thiam	80%	–	20%
Mark Tucker	80%	–	20%

* The proportions for Clark Manning's annual bonus include a Jackson senior management bonus pool which is based on Jackson financial performance. The proportions shown in the table incorporate a notional level for this pool, and in a year when Jackson has superior performance the percentage of his reward based on Jackson business would be substantially higher.

The proportions for 2008 bonus plans were as above, but the performance measures did not include Insurance Groups Directive capital surplus.

Performance measures in long-term incentive plans

2009 Group Performance Share Plan (GPSP)

Awards under the 2009 Group Performance Share Plan are based on Prudential's Total Shareholder Return compared with the TSR performance of its competitors. Further details are set out in the section on 'Executive Directors' long-term incentive plans' on page 111.

2008 and 2009 Business Unit Performance Plan (BUPP) awards

The 2007 Directors' Remuneration Report noted that the Company was planning to change its reporting basis to Market Consistent Embedded Value (MCEV) for European insurers. This would have meant that the Committee needed to review the BUPP performance measure which is Shareholder Capital Value on an European Embedded Value (EEV) basis. However in December 2008, the CFO Forum, representing the leading insurance companies in Europe, expressed its concern about the appropriateness of MCEV principles in the current market environment, especially its suitability in periods of economic turmoil, and announced that a further review would take place in 2009.

In view of this decision the Committee confirmed that as in previous years the vesting of the awards under the 2008 and 2009 Business Unit Performance Plan for the Chief Executives of the UK, US and Asia will be based on the growth in Shareholder Capital Value (SCV) on an EEV basis for each relevant business unit. Details of the measures are set out in the section on 'Business Unit Performance Plans (BUPPs) – executive directors with regional responsibility' on page 111. In the event that Prudential changes its supplementary basis of reporting from EEV the Committee will keep the vesting schedules under review to ensure that outcomes are not materially distorted up or down by such a change. The business based long-term incentive plan for Michael McLintock is described in the section 'M&G Executive Long-Term Incentive Plan' on page 112.

The performance measures which will be used in the 2009 long-term incentive plans for the executive directors are as follows:

		Long-term incentive plans 2009 Performance measures	
		Group Performance Share Plan	Business Unit Performance Plan
Clark Manning	President and Chief Executive Officer Jackson	TSR	Jackson SCV growth
Michael McLintock	Chief Executive M&G	TSR	M&G IFRS Profit and Fund performance
Nick Prettejohn	Chief Executive Prudential UK and Europe	TSR	UK SCV growth
Barry Stowe	Chief Executive Prudential Corporation Asia	TSR	Asia SCV growth
Tidjane Thiam	Chief Financial Officer	TSR	n/a

As Mark Tucker is leaving Prudential in 2009 he will not receive a long-term incentive award for 2009.

Directors' remuneration report
For year ending 31 December 2008
continued

Remuneration policy in practice

The table below sets out the purpose and practice for each element of remuneration for 2008 and 2009. Total remuneration for our executive directors is made up of the elements set out below. All elements are reviewed annually.

Element	Purpose	Measures	Practice
Total Compensation	Provides appropriate compensation structures and reward payouts which attract high-calibre executive directors.	Compensation information on reward for executive directors in the relevant markets provides the background for compensation decisions by the Committee. Consideration is also given to remuneration arrangements and levels for the other Prudential employees in the relevant market.	Total Compensation levels are compared with: • Median of the FTSE 50 for executive directors whose remuneration is benchmarked against the UK market; • Median of the LOMA data for insurance companies for the executive director based in the US; and • Median of fund management market data for the Chief Executive of M&G.
Salary	Provides part of the guaranteed element of remuneration necessary to recruit and retain the best people for our business.	Scope of role and market position, as well as individual's contribution and experience, taking into account total remuneration, market movement of salaries in comparator organisations and salary increases for employees generally in the company. Market position compared with companies of similar size and complexity to Prudential, for example from the FTSE 50 for UK-based remuneration, UK-based asset management companies for M&G and US insurers for US-based remuneration.	The Remuneration Committee reviews salaries annually. Any changes in basic salary for the Group Chief Executive and the executive directors are effective from 1 January. No increases to basic salaries are proposed for executive directors or senior executives for 2009. For other employees, basic salary increases around the Group will reflect the local market. It is anticipated that the pay review for other employees will result in average increases of approximately 2.5% in the UK, 3.5% in Asia, and 3% in the US.
Annual Bonus	Rewards the achievement of business results and individual objectives in a given year.	Group financial measures, Business unit financial measures and Individual contribution. The proportions of the elements in the annual incentive plans are set out in the section on 'Performance measures in 2009 annual bonus plans' on page 105.	Executive directors have annual incentive plans based on the achievement of annual performance measures taken from the Company's business plans and individual contributions. Bonuses awarded are not pensionable. The annual bonus for the Chief Executive of Jackson includes a 10% share of a senior management bonus pool determined by the performance of Jackson for the year.

Element	Purpose	Measures	Practice
Deferrals from annual bonus awards	Provides a retention element from annual reward which helps alignment with shareholders' interests.	A portion of bonus in the form of an award of shares deferred for three years.	2009 bonus deferrals The current Group Chief Executive leaves Prudential on 30 September 2009 hence any pro-rated bonus for 2009 will be paid fully in cash. The new Group Chief Executive will be required to defer 50% of any bonus awarded for this role post the date of appointment. For the other executive directors, the deferral policy for 2009 bonus awards will be as follows: • Chief Financial Officer and the Chief Executives of UK and Asia: deferral of 30% of total bonus awarded. This results in an increased deferral at lower levels of bonus; • Chief Executive of Jackson: 15% of total bonus awarded. This represents a substantial increase in deferral. The deferral of any award made for 2010 onwards will be 30% of total bonus; and • Chief Executive of M&G: deferral of 50% of any award above £500,000. This deferral level is unchanged from 2008. 2008 bonus deferrals (where different from 2009): • Group Chief Executive: deferral of bonus above 75% of salary; • Chief Financial Officer and the Chief Executives of UK and Asia: deferral of bonus above 50% of salary; and • Chief Executive of Jackson: deferral of bonus above 100% of salary excluding the payment from a Jackson senior management bonus pool.
Long-Term Incentive	Rewards related to achieving success for shareholders over a three year period.	Group Performance Share Plan For all executive directors: relative TSR performance against peer group. Business plans: For business unit executive directors: BUPPs: Growth in SCV on an EEV basis. M&G Executive LTIP: M&G profit and fund performance.	All executive directors are provided with awards under the share-based Group Performance Share Plan. The chief executives of the business units also participate in plans designed to measure their business unit's contribution to the long term success of Prudential. The Chief Executive of M&G participates in the cash-based M&G Executive LTIP. The Chief Executives of UK, Asia and Jackson participate in long-term incentive plans relating to their businesses, the Business Unit Performance Plans. For 2009 onwards, awards will be 100% in shares to provide greater alignment with shareholders (previously, awards were 50% shares/50% cash). Full details of the plans for the executive directors are set out in the section on 'Executive Directors' long- term incentive plans' on page 111. Senior executives reporting to the executive directors also participate in LTIPs which in most cases are the same or similar, but plans have been tailored to business needs where appropriate.

Remuneration policy in practice continued

Element	Purpose	Measures	Practice
All-employee share plans	Allows for all employees to participate in the success of the Company.	The structure of plans is determined by market practice and local legislation.	Executive directors are eligible to participate in all-employee plans on the same basis as other employees. Further details are set out in the section on 'All-employee plans' on page 112.
Benefits	Provides another guaranteed element set at an appropriate level compared with peers.	Determined by market comparison/practice.	Executive directors receive certain benefits for example participation in medical insurance schemes, a maximum six weeks holiday (an increase from five weeks in 2008 to align with other senior employees) and in some cases a cash car allowance and the use of a car and driver and security arrangements. No benefits are pensionable. Executive directors are entitled to participate in certain M&G investment products on the same terms as available to other members of staff.
Pension	Provides income in retirement.	Determined by market comparison/practice. No new executive directors appointed since June 2003 participate in defined benefit pension plans.	It is the Company's policy to provide efficient pension vehicles to allow executive directors to save for their retirement and to make appropriate contributions to their retirement savings plans. The level of company contribution is related to competitive practice in the executive directors' employment markets. The executive directors' pension arrangements and life assurance provisions are set out in the section on 'Directors' pensions and life assurance' on page 126.

2009 Remuneration structure for executive directors

The following table summarises the remuneration structure for each executive director for 2009. Incentive award levels are unchanged from 2008.

Tidjane Thiam's remuneration arrangements after he becomes Group Chief Executive on 1 October 2009 are set out on page 114.

				Long-Term Incentives		
			Annual Incentive Share Plan	Group Performance Share Plan	Business Unit Performance Plan	Total LTIPs
Director	Role	Annual Salary at 1 January 2008 (unchanged for 2009)	Maximum % of salary	Maximum % of salary	Maximum % of salary	Maximum % of salary
Clark Manning[1]	President and Chief Executive Officer Jackson	$1,050,000	c320[1]	230	230	460
Michael McLintock[2]	Chief Executive M&G	£320,000	–[2]	100	–[2]	100[2]
Nick Prettejohn	Chief Executive Prudential UK and Europe	£650,000	110	130	130	260
Barry Stowe	Chief Executive Prudential Corporation Asia	£550,000	110	130	130	260
Tidjane Thiam[3]	Chief Financial Officer	£650,000	110[4]	160[3]	n/a	160
Mark Tucker[5]	Group Chief Executive	£975,000	125[5]	n/a	n/a	n/a[5]

Notes

1 Clark Manning's annual bonus figure includes a notional figure for his 10% share of the Jackson senior management bonus pool based on the performance of Jackson.

2 Michael McLintock's annual bonus is based on M&G's performance both in absolute terms and relative to its peers with bonus amounts determined by an assessment of market competitive rewards for median and superior performance. In line with practice in the asset management sector there is no specified maximum annual bonus award. Total remuneration is subject to an overriding cap such that his total remuneration should not be greater than three per cent of M&G's annual IFRS profits.

3 As part of his appointment terms, Tidjane Thiam was provided with the following:
- to compensate for the loss of 2007 bonus, a cash payment of £325,000 on joining and an award of shares deferred for three years with a value of £325,000;
- a guarantee that his bonus for 2008 would not be less than 100% of his salary. Any amount of the 2008 bonus paid which is greater than 50% of his salary will be awarded in shares which are deferred for three years;
- for 2008, a double award of 320% of his salary under the Group Performance Share Plan (Group PSP); and
- In order to compensate for the loss of outstanding deferred share awards under annual incentive plans and long-term awards with his previous employer:
  - a cash sum on joining in lieu of the 2005 awards which were due to vest in March 2008; and
  - restricted share awards, in lieu of his 2006 and 2007 awards, without performance measures which will vest in March 2009 and 2010, respectively.

All the awards described above were fully disclosed in the 2007 Directors' Remuneration Report.

4 This maximum annual bonus will apply on a pro-rated basis for 2009 (see section on Tidjane Thiam's arrangements on page 114).

5 Mark Tucker's 2009 annual bonus will be pro-rated based on his period of employment during the year. No 2009 long-term incentive award will be made (his 2008 Group Performance Share Plan award was 200% of basic salary).

2009 Remuneration policy – balance of the elements of remuneration

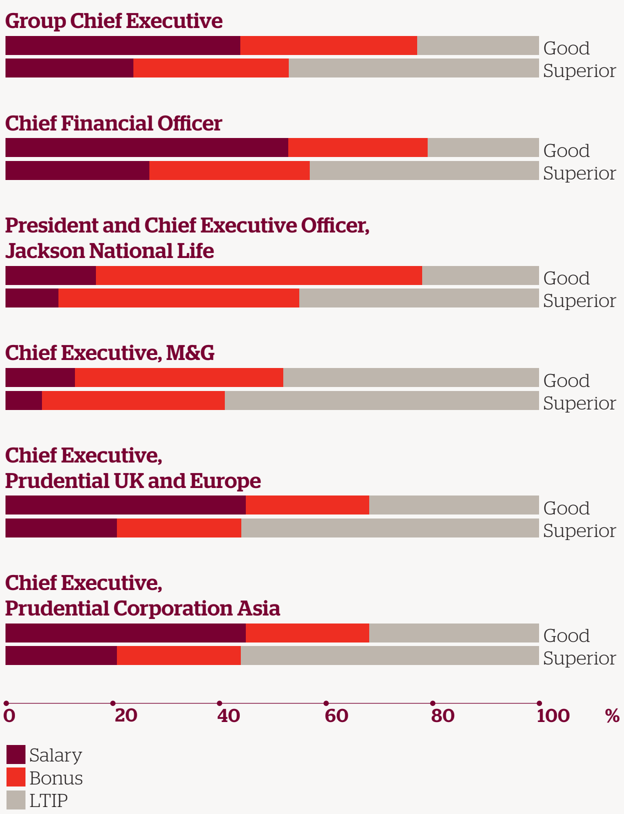
Proportions of fixed and variable reward

On a policy basis the distribution between fixed and variable and short and long term reward for our executive directors is as follows. (For the Group Chief Executive and Chief Financial Officer the policy level for 2008 long-term incentive award has been included for comparison purposes):

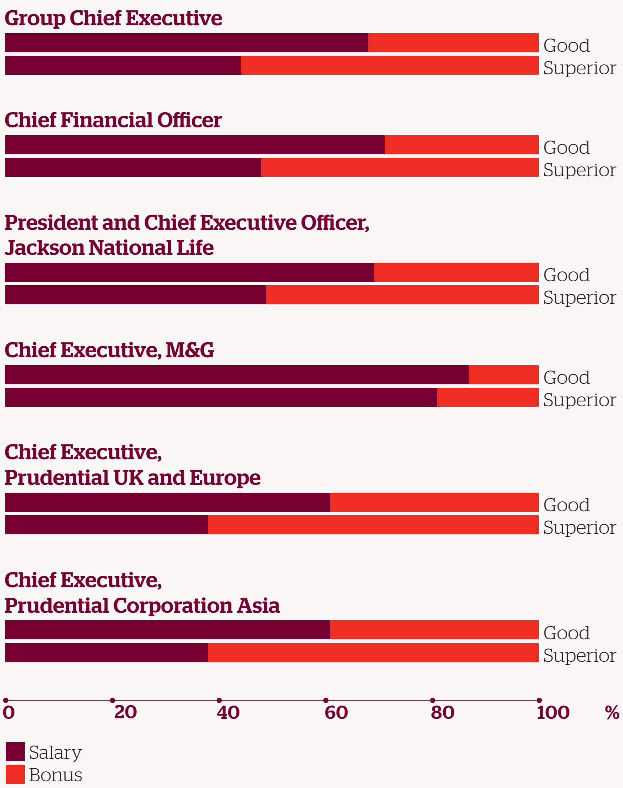
Proportions of cash and shares

The distribution between cash and shares in reward for our executive directors is set out below. The chart reflects the 2009 changes in the level of deferrals into shares from annual bonuses described in the section on 'Remuneration policy in practice' on page 106.

2009 proportions based on remuneration policy
Fixed/variable %



2009 proportions based on remuneration policy
Cash/shares %



The assumptions used are:
Good performance leads to
- 25% vesting of the Group LTIP and
- 30% vesting of the regional business unit LTIPs.

Superior performance leads to maximum annual bonus and maximum LTIP vesting.

Notes
2009 awards under the Group Performance Share Plan are 100% in shares.
2009 awards under the Business Unit Performance Plan for the Chief Executives of the US, UK and Asia are 100% in shares.
The long-term incentive plan for the Chief Executive of M&G is cash based.

Executive directors' long-term incentive plans

All long-term incentive arrangements relating to executive directors have a performance period of three years. Shares released from all the Company's long-term plans are currently purchased in the open market through a trust for the benefit of qualifying employees.

2009 Group Performance Share Plan (Group PSP) – all executive directors

The Group PSP delivers shares to participants subject to performance over a three-year period. The performance measure which will be used in 2009 is Total Shareholder Return (TSR).

Group Total Shareholder Return

Prudential's Total Shareholder Return performance is measured over the performance period compared with the TSR performance of an index comprised of peer companies. TSR is measured on a local currency basis which is considered to have the benefits of simplicity and directness of comparison.

The vesting schedule is set out in the following table and graph. The unvested portion of any award lapses. The companies in the index for both the 2008 and 2009 awards are: Aegon, Allianz, Aviva, Axa, Friends Provident, Generali, ING, Legal & General, Manulife, Old Mutual and Standard Life.

Vesting of awards

For any Group PSP award to vest, the Remuneration Committee must also be satisfied that the quality of the Company's underlying financial performance justifies the level of award delivered at the end of the performance period and may adjust the vesting level accordingly at its discretion.

To ensure close alignment with our shareholders' long-term interests, participants receive the value of reinvested dividends over the performance period for those shares that vest.

Business Unit Performance Plans (BUPPs) – executive directors with regional responsibility

For executive directors with regional responsibilities, the Business Unit Performance Plan delivers shares subject to performance over a three-year performance period.

The performance measure under the BUPPs is Shareholder Capital Value (SCV) which is shareholders' capital and reserves on a European Embedded Value (EEV) basis (using the EEV Principles for reporting adopted by European insurance companies) for each regional business unit. Vesting depends on the increase in SCV over the performance period, and the required growth rates are different for each of Prudential's business regions to reflect the relative maturity of the markets and the different business environments. The vesting schedules which are the same as for previous BUPP awards are set out in the table below. The unvested portion of any award lapses.

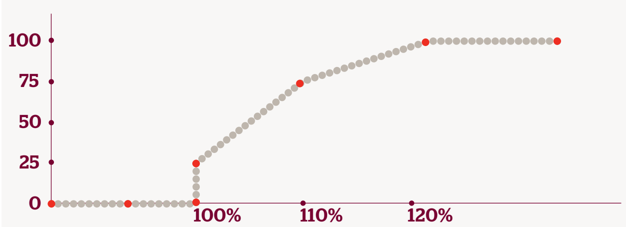
Group Performance Share Plan

Prudential's TSR relative to the index at the end of the performance period	Percentage of award which vests
Less than index return	0%
Index return	25%
Index return x 110%	75%
Index return x 120%	100%

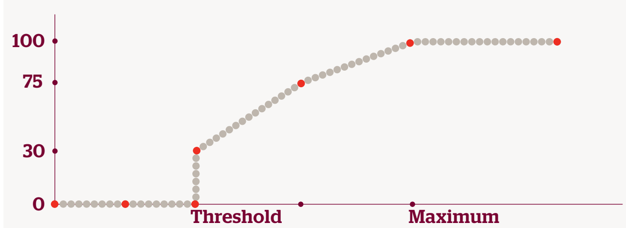
Business Unit Performance Plan

	Compound annual growth in Shareholder Capital Value over three years		
Percentage of Award that vests	UK	JNL	Asia
0%	< 8%	< 8%	< 15%
30%	8%	8%	15%
75%	11%	10%	22.5%
100%	14%	12%	30%

TSR vs Index % vesting



Compound annual growth in shareholder capital value over three years % vesting



Directors' remuneration report
For year ending 31 December 2008
continued

The Remuneration Committee must also be satisfied that the quality of the underlying financial performance of each business unit justifies the level of award delivered at the end of the performance period and may adjust vesting levels accordingly at its discretion.

To ensure close alignment with our shareholders' long-term interests, participants receive the value of reinvested dividends over the performance period for those shares that vest.

M&G Executive Long-Term Incentive Plan – Michael McLintock

Under the M&G Executive Long-Term Incentive Plan an award of phantom shares is made with a phantom share price at vesting which will be determined by the increase or decrease in M&G's IFRS profits over the three-year performance period, with a notional starting share price of £1.00.

The number of phantom shares in the award depends on the performance of M&G in the financial year prior to the award being made and an assessment of Michael McLintock's contribution. Thus the base value of the award to be made in 2009 relates to the business performance in 2008. As disclosed in the 2007 Directors' Remuneration Report, in recognition of M&G's strong performance in 2007, an award of 1,141,176 phantom shares of £1 with an anticipated value of £1,940,000 was made in 2008. Based on 2008 performance, an award of 2,282,353 phantom shares of £1 and an anticipated value of £1,940,000 will be made in 2009.

The number of phantom shares subject to the award will be adjusted at the end of the three-year performance period to take account of the performance of M&G both in terms of levels of profitability and maintaining strong fund investment performance as follows:

Profit growth

- Awards will be scaled back based on profit performance achieved if profits in the third year are less than the average of the profits over the prior year and the performance period;
- The scaling back will be on a straight line basis from 0% to 100% of the award between zero profit and the achievement of profits equal to the average;
- No award will vest in the event of a loss or zero profit, irrespective of fund performance; and
- No adjustment will be made if the profits at the end of the third year are at least equal to the average of the profits over the prior year and the performance period.

Investment performance

- Where investment performance over the three-year performance period is in the top two quartiles the number of phantom shares vesting will be enhanced. A sliding scale will apply up to 200% of the annual award, which is awarded when top quartile performance is reached; and
- Awards will be forfeited if investment performance is in the fourth quartile, irrespective of any profit growth.

The value of the vested shares will be paid in cash after the end of the three-year performance period.

All-employee plans

UK-based executive directors are eligible to participate in the Prudential HM Revenue and Customs (HMRC) approved UK Savings Related Share Option Scheme (SAYE scheme) and the Asia-based executive director can participate in the equivalent International SAYE scheme. The schemes allow employees to save towards the exercise of options over Prudential plc shares, at an option price set at the beginning of the savings period at a discount of up to 20 per cent to the market price. Savings contracts may be up to £250 per month for three or five years, or additionally in the UK scheme seven years. On maturity at the end of the set term, participants may exercise their options within six months of the end of the savings period and purchase Prudential plc shares. If an option is not exercised within six months, participants are entitled to a refund of their cash contributions plus interest if applicable under the rules. Shares are issued to satisfy options that are exercised. No options may be granted under the schemes if the grant would cause the number of shares which have been issued, or which remain issuable pursuant to options granted in the preceding 10 years under the scheme and other share option schemes operated by the Company, or which have been issued under any other share incentive scheme of the Company, to exceed 10 per cent of the Company's ordinary share capital at the proposed date of grant.

UK-based executive directors are also eligible to participate in the Company's HMRC approved Share Incentive Plan which allows all UK-based employees to purchase shares of Prudential plc (partnership shares) on a monthly basis out of gross salary. For every four partnership shares bought, an additional matching share is awarded, which is purchased by Prudential on the open market. Dividend shares accumulate while the employee participates in the plan. Partnership shares may be withdrawn from the scheme at any time. If the employee withdraws from the plan within five years the matching shares are forfeited and if within three years, dividend shares are also forfeited.

Pensions policy

The Chief Executive of Jackson is eligible to participate in Jackson's Defined Contribution Retirement Plan, a qualified 401(k) retirement plan on the same basis as all other US-based employees. Company matching contributions of 6% of basic salary up to a maximum of $13,800 were made in 2008. He is also eligible to participate in the profit sharing element of the plan that provides eligible participants with an annual profit sharing contribution, depending on the financial results of Jackson for the plan year, with a maximum of four per cent of salary capped at $9,200 in 2008.

The Chief Executive of Asia is eligible to receive a 25 per cent cash salary supplement for pension purposes.

UK executive directors are offered a choice of a combination of HMRC approved pension schemes and/or cash supplementary payments. If an executive director opts to join one of the HMRC approved pension plans, participation is on the same basis as other employees who joined at the same date as the executive director in question. For defined benefit schemes, our policy is to retain a notional scheme earnings cap, set at £112,800 and £117,600 for the 2007/08 and 2008/09 tax years respectively. No employees with employment offers after 30 June 2003 are eligible for membership of any defined benefit schemes.

For UK executive directors hired after 30 June 2003 the Company's policy is to provide a supplement of 25 per cent of salary. This includes, where relevant, any Company contributions to the staff defined contribution pension plan, which UK executive directors may choose to join. This plan has no salary cap.

Service Contracts

Chairman's letter of appointment and benefits

Sir David Clementi was Chairman during 2008. He was paid an annual fee and had a contractual notice period of 12 months by either party. The Chairman participated in a medical insurance scheme, had life assurance cover of four times his annual fees in lieu of death in service benefits and had the use of a car and driver. He was entitled to a supplement to his fees, intended for pension purposes. He was not a member of any Group pension scheme providing retirement benefits. His annualised fee as at 1 January 2008 was £520,000 and his pension allowance was 25 per cent of his fees.

Harvey McGrath joined as a non-executive director on 1 September 2008 and became Chairman from 1 January 2009. He is paid an annual fee and has a contractual notice period of 12 months by either party. He is entitled to participate in a medical insurance scheme and to the use of a car and driver but did not take up either of these benefits in 2008. He is provided with life assurance cover of four times his annual fees in lieu of death in service benefit. He is not a member of any Group pension scheme providing retirement benefits. His annualised fee is £500,000 which is fixed for three years. No pension allowance is paid.

Directors' service contracts and letters of appointment

Executive directors have contracts that terminate on their normal retirement date. The normal retirement date for the executive directors except Clark Manning and Barry Stowe is the date of their 65th birthday. The normal retirement date for Clark Manning and Barry Stowe is the date of their 60th birthday.

The normal notice of termination the Company is required to give executive directors is 12 months. Accordingly, in normal circumstances the director would be entitled to one year's salary and benefits in respect of the notice period on termination. Additionally, outstanding awards under annual and long-term incentive plans will vest depending on the circumstances and according to the rules of the plans. When considering any termination of a service contract, the Remuneration Committee will have regard to the specific circumstances of each case, including a director's obligation to mitigate his loss. Payments additionally would be phased over the notice period.

	Date of contract	Notice Period to the Company	Notice Period from the Company
Clark Manning	7 May 2002	12 months*	12 months*
Michael McLintock	21 November 2001	6 months	12 months
Nick Prettejohn	26 September 2005	12 months	12 months
Barry Stowe	18 October 2006	12 months	12 months
Tidjane Thiam	20 September 2007	12 months	12 months
Mark Tucker	24 March 2005	12 months	12 months

* The contract for Clark Manning is a renewable one-year fixed-term contract. The contract is renewable automatically upon the same terms and conditions unless the Company or Clark Manning gives at least 90 days' notice prior to the end of the relevant term. In the case of the former, Clark Manning would be entitled to continued payment of salary and benefits for the period of one year from the day such notice is delivered to him. Payments of Clark Manning's salary during the period following the termination of employment would be reduced by the amount of compensation earned by him from any subsequent employer or from any person for whom he performs services. Benefits to be provided during such period would also be cancelled to the extent that comparable benefits were available to him from these alternative sources.

Directors' remuneration report
For year ending 31 December 2008
continued

Mark Tucker
Following Mark Tucker's resignation no special remuneration arrangements have been put in place.

Mark Tucker will continue to receive his basic salary, pension contribution and other benefits under the terms of his contract until 30 September 2009. His annual bonus for 2008 has been paid fully in cash and he will receive a pro-rated bonus for 2009 (9/12ths) based on his length of service during the year. He will receive no LTIP award in 2009.

After leaving, the deferred share awards in connection with the 2007 and 2008 bonus will be released in accordance with the scheme rules.The 2007 and 2008 LTIP awards under the Group Performance Share Plan (Group PSP) will vest at the end of the relevant three year performance period pro-rated for service, 33/36ths and 21/36ths respectively. Vesting will remain dependent on performance achieved over the performance periods to 31 December 2009 and 31 December 2010. Any shares which vest will be released at the same time as for all other participants in the Group PSP.

Tidjane Thiam
Tidjane Thiam's remuneration arrangements as Group Chief Executive from 1 October 2009 will be as follows:

		Annual Incentive Plan from 1 October 2009	2010 LTIP award
Director	**Annual Salary from 1 October 2009**	**Maximum % of salary**	**Maximum % of salary**
Tidjane Thiam	£875,000	180%	300%

Tidjane Thiam's 2009 annual bonus will be based on the performance measures described in the section on 'Performance measures in 2009 annual bonus plans' on page 105. His current maximum bonus for his role as Chief Financial Officer is 110 per cent. The total bonus for 2009 will be determined by considering the period of time in the two roles performed in 2009, taking into account any handover period required, the performance of Prudential and the maximum award level for each role. There will be a compulsory deferral of 30 per cent of any bonus awarded for his CFO role and 50 per cent of any bonus awarded for his CEO role.

Tidjane Thiam will continue to receive a supplement for pension purposes at 25 per cent of basic salary but will no longer receive a non pensionable car allowance of £10,000. All other benefits will remain unchanged.

The shareholding requirement will be two times salary.

Policy on external appointments

Subject to the Group Chief Executive's approval, executive directors are able to accept external appointments as non-executive directors of other organisations. Any fees paid may be retained by the executive director.

Non-executive directors' letters of appointment

Non-executive directors do not have service contracts but are appointed pursuant to letters of appointment with notice periods of six months without liability for compensation with the exception of Harvey McGrath whose notice period is 12 months.

	Date of initial appointment by the Board	Commencement date of current term*	Expiry date of current term
Sir Winfried Bischoff	2 August 2007	AGM 2008	AGM 2011
Keki Dadiseth	1 April 2005	AGM 2008	AGM 2011
Michael Garrett	1 September 2004	AGM 2008	AGM 2011
Ann Godbehere	2 August 2007	AGM 2008	AGM 2011
Bridget Macaskill	1 September 2003	AGM 2007	AGM 2010
Harvey McGrath†	1 September 2008	AGM 2009	AGM 2012
Kathleen O'Donovan	8 May 2003	AGM 2007	AGM 2010
James Ross	6 May 2004	AGM 2008	AGM 2011
Lord Turnbull	18 May 2006	AGM 2006	AGM 2009

* Under the terms of their letters of appointment, the non-executive directors serve for an initial term of three years following their election by shareholders at the Annual General Meeting after their appointment by the Board. Thereafter, the Board may invite the directors to serve for an additional period.
† Harvey McGrath became Chairman effective 1 January 2009.

Non-executive directors' remuneration

Non-executive directors are not eligible to participate in annual incentive plans, long-term incentive plans or pension arrangements. Their fees are determined by the Board and reflect their individual responsibilities including committee membership as appropriate. The Board reviews the fees annually and the last change was made in 2008.

The annual fees which were paid in 2008 for non-executive directors' board and committee membership are as follows:

	To 1 July 2008 £	From 1 July 2008 £
Basic fee	60,000	66,500
Audit Committee Chairman – additional fee	40,000	50,000
Audit Committee member – additional fee	15,000	20,000
Remuneration Committee Chairman – additional fee	22,500	22,500
Remuneration Committee member – additional fee	10,000	10,000
Senior Independent Director – additional fee	25,000	30,000

Currently the non-executive directors use the net value of £25,000 of their total annual fees to purchase shares in the Company. Shares are purchased each quarter and are held at least until retirement from the Board.

	Annual fee as at 1 January 2008 (or on appointment if later) £	Annual fee as at 1 January 2009 £
Sir Winfried Bischoff	60,000	66,500
Keki Dadiseth	70,000	76,500
Michael Garrett	70,000	76,500
Ann Godbehere	75,000	86,500
Bridget Macaskill	82,500	89,000
Harvey McGrath*	500,000	n/a
Kathleen O'Donovan	100,000	116,500
James Ross	95,000	106,500
Lord Turnbull	75,000	86,500

* Harvey McGrath was appointed Chairman from 1 January 2009 and will not be reported with the non-executive directors for 2009.

Directors' shareholdings

Shareholding guidelines

As a condition of serving, all executive and non-executive directors are currently required to have beneficial ownership of 2,500 ordinary shares in the Company. This interest in shares must be acquired within two months of appointment to the Board if the director does not have such an interest upon appointment.

Non-executive directors also use a proportion of their fees to purchase additional shares in the Company on a quarterly basis.

Executive directors should have a substantial shareholding which should be built up over a period of five years. Shares earned and deferred under the annual incentive plan are included in calculating the executive director's shareholding.

Until the guideline is met, at least half the shares released from long-term incentive awards after tax should be retained by the executive director.

	Guideline Shareholding policy – after five years	Shareholding at 18 March 2009 as a % of salary*
Clark Manning	1 x salary	83
Michael McLintock†	2 x salary	597
Nick Prettejohn	1 x salary	74
Barry Stowe‡	1 x salary	82
Tidjane Thiam	1 x salary	131
Mark Tucker†	2 x salary	172

* Based on the share price as at 31 December 2008 (£4.165)
† With an interim target of 1 x salary after three years
‡ Shareholdings for Barry Stowe include American Depositary Receipts (ADRs). One ADR is equivalent to two Prudential plc shares.

Directors' shareholdings

The interests of directors in ordinary shares of the Company are set out below and include shares acquired under the Share Incentive Plan, the deferred annual incentive awards detailed in the table on 'Other Share Awards' on page 124, and interests in shares awarded on appointment.

The interests of directors in shares of the Company include changes between 31 December 2008 and 18 March 2009. All interests are beneficial.

	1 Jan 2008*	31 Dec 2008	18 Mar 2009
Sir Winfried Bischoff	20,853	23,773	23,773
Sir David Clementi	48,555	53,058	53,058
Keki Dadiseth	21,998	24,004	24,004
Michael Garrett	22,079	26,731	26,731
Ann Godbehere	3,753	7,333	7,333
Bridget Macaskill	16,922	19,842	19,842
Clark Manning	35,546	113,155	113,155
Harvey McGrath	386	292,888	292,888
Michael McLintock	355,732	458,650	458,650
Kathleen O'Donovan	14,346	17,059	17,059
Nick Prettejohn	64,118	114,904	114,904
James Ross	12,452	15,371	15,371
Barry Stowe note 2	66,678	108,433	108,433
Tidjane Thiam	5,000	205,067	205,067
Mark Tucker	316,360	402,215	402,215
Lord Turnbull	6,035	9,038	9,038

* Or date of appointment if later.

Notes

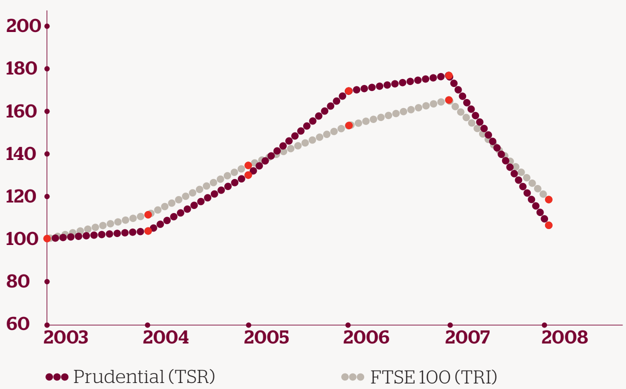
1 The shares in the table include shares purchased under the Prudential Services Limited Share Incentive Plan together with Matching Shares (on a 1:4 basis) and accumulated dividend shares. The total number of shares will only be released if the employee remains in employment for three years.

2 Barry Stowe's interests in shares are made up of 33,339 American Depositary Receipts (representing 66,678 ordinary shares). 8,513.73 of the American Depositary Receipts are held within an investment account which secures premium financing for a life assurance policy.

The Directors' Remuneration Report Regulations 2002 (the Regulations)

The line graph below shows the Total Shareholder Return (TSR) of the Company during the five years from 1 January 2004 to 31 December 2008 against the FTSE 100. This comparison was selected as Prudential is a major company in the FTSE 100.

Prudential TSR v FTSE 100 total returns index %



Total Shareholder Return over the performance period is the growth in value of a share plus the value of dividends paid, assuming that the dividends are reinvested in the Company's shares on the day on which they were paid.

Note that the chart above compares Prudential's TSR performance against the TSR performance of the FTSE 100 index over five years. The performance measure within the Group Performance Share Plan compares Prudential's TSR performance against a group of insurers over three years.

Directors' remuneration for 2008

	Salary/Fees	Bonus	Benefits*	Cash supplements for pension purposes†	Total Emoluments 2008	Total Emoluments 2007 including cash supplements for pension purposes‡	Value of anticipated releases from LTIPs in respect of performance periods ending 31 December 2008§
	£000						
Chairman							
Sir David Clementi [note 1]	538		43	134	715	676	
Executive directors							
Philip Broadley (until 15 May 2008) [note 2]	236	118	22	64	440	1,366	655
Clark Manning [note 3]	567	1,177	24		1,768	2,240	929
Michael McLintock [note 4]	320	1,780	54		2,154	2,148	881
Nick Prettejohn [note 5]	650	650	59	85	1,444	1,334	577
Barry Stowe [notes 6,7]	550	337	182	138	1,207	1,265	–
Tidjane Thiam (from 25 March 2008) [notes 8,9,10]	505	650	59	30	1,244	–	–
Mark Tucker	975	942	66	244	2,227	2,327	1,297
Total executive directors	3,803	5,654	466	561	10,484	10,710	4,339
Non-executive directors							
Sir Winfried Bischoff (from 2 August 2007)	63				63	25	
Keki Dadiseth [note 11]	73				73	81	
Michael Garrett	73				73	66	
Ann Godbehere	81				81	29	
Bridget Macaskill	86				86	79	
Harvey McGrath (from 1 September 2008) [note 12]	167				167	–	
Roberto Mendoza (until 17 May 2007)	–				–	24	
Kathleen O'Donovan	108				108	98	
James Ross	101				101	98	
Lord Turnbull	81				81	73	
Total non-executive directors	833				833	573	
Overall total	5,174	5,654	509	695	12,032	11,959	4,339

* Benefits include, where provided, cash allowances for cars, the use of a car and driver, medical insurance, security arrangements, expatriate benefits.
† Pension supplements that are paid in cash are included in the table. The policy on pensions is described in the section on 'Pensions policy' on page 113. The pension arrangements for current executive directors are described in the section on 'Directors' pensions and life assurance' on page 126.
‡ 2007 figures include deferred share awards made from 2007 annual incentive plans which are detailed in the section 'Other Share Awards' on page 124.
§ Value of anticipated LTIP releases is the total of cash paid plus, for shares released, the value of the released shares based on the share price at 31 December 2008. All executive directors participate in long-term incentive plans and the details of share releases from awards with a performance period ending 31 December 2008 are provided in the footnotes to the table on share awards on pages 120 to 123. Executive directors' participation in all-employee plans are detailed on page 126.

Notes

1 David Clementi was Chairman until 31 December 2008 and remained an employee until 31 January 2009.

2 Philip Broadley resigned in 2007. In view of his flexibility in agreeing a leaving date after the 2008 Annual General Meeting and for his agreement to act as a consultant for six months post his date of leaving, he was provided with the following:

- a total payment of £507,105 paid in two tranches in June and December 2008;
- medical insurance and life assurance cover for six months after his leaving date; and
- treatment as a 'good leaver' in respect of his outstanding share awards. The deferred share awards under his 2006 and 2007 annual incentive plans were released on his leaving. His outstanding long-term incentive awards will vest according to the rules of the plans in the same way as other recipients of awards, but pro-rated where appropriate for the time worked during the performance period.

All of these payments after June 2008 were subject to his continuing to be available for consultancy for six months after his leaving date and subject to his compliance with non-solicitation and confidentiality conditions.

Directors' remuneration report
For year ending 31 December 2008
continued

Notes continued

3 Clark Manning's bonus figure excludes a contribution of US$13,800, from a profit sharing plan, which has been made into a 401K retirement plan. This is included in the table on pension contributions on page 127.

4 It is anticipated that for Michael McLintock a deferred share award from the 2008 annual bonus valued at £640,000 will be made. This is included in the 2008 bonus figure.

5 It is anticipated that for Nick Prettejohn a deferred share award from the 2008 annual bonus valued at £325,000 will be made. This is included in the 2008 bonus figure.

6 It is anticipated that for Barry Stowe a deferred share award from the 2008 annual bonus valued at £62,013 will be made. This is included in the 2008 bonus figure.

7 Barry Stowe's benefits primarily relate to his expatriate status including costs of £91,829 related to housing, £34,113 for children's education and £21,165 for home leave.

8 On appointment, Tidjane Thiam was provided with a guarantee that his 2008 bonus would not be less than 100 per cent of salary.

9 It is anticipated that for Tidjane Thiam a deferred share award from the 2008 annual bonus valued at £325,000 will be made. This is included in the 2008 bonus figure.

10 In addition to the 2008 bonus disclosed in the table above, Tidjane Thiam received a payment of £650,631 to compensate for the loss of 2007 bonus and in lieu of 2005 awards which were due to vest in March 2008.

11 Keki Dadiseth was paid allowances totalling £12,063 in 2008 in respect of his accommodation expenses in London whilst on the Company's business, in lieu of reimbursing hotel costs as is the usual practice for directors who are not resident in the UK.

12 Harvey McGrath joined Prudential on 1 September 2008 and became Chairman on 1 January 2009.

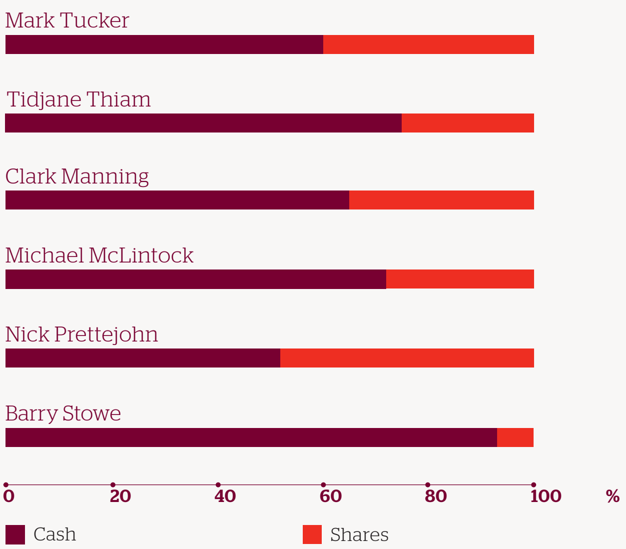
Executive directors' non-executive director earnings
Executive directors who are released to serve as non-executive directors of other external companies retain the earnings resulting from such duties. In 2008, Tidjane Thiam earned 27,000 euros and Michael McLintock earned £38,333 from external companies. Other directors served as non-executive directors on the boards of companies in the educational and cultural sectors without receiving a fee for those services.

Performance and remuneration for 2008

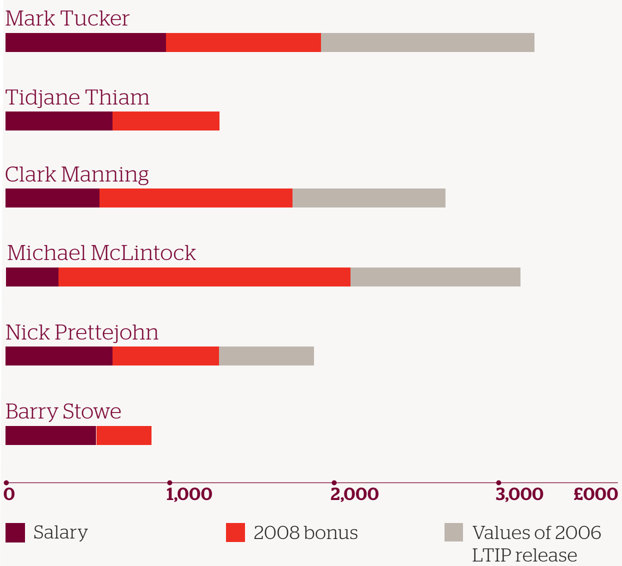
The following sections provide information on payments, outstanding conditional incentive awards and shares released in 2008 for each executive director.

Summary of remuneration provided for 2008
The values of rewards provided for the executive directors for performance in 2008, using Prudential's share price at 31 December 2008 (£4.165), are summarised below. The values contain total annual bonus awards for 2008 performance including any deferrals into shares. The long-term plan releases are in respect of awards made in 2006. Tidjane Thiam and Barry Stowe did not have long-term awards for 2006.

Payments and share awards for 2008
Cash/shares %



Payments and share awards for 2008
Remuneration elements £000



Michael McLintock's 2006 LTIP payout will be made in cash.
Mark Tucker's 2008 bonus was paid fully in cash.

Annual Incentive Plans – Performance in 2008

The main business measures considered by the Remuneration Committee and incorporated into the 2008 annual incentive plans were IFRS profit, EEV profit and cash flow against each of which Prudential achieved strong results in 2008 despite the turbulence in the financial markets in the year.

For the 2008 annual bonus plans, the proportions of financial and individual performance for the executive directors were the same as for 2009, as set out in the section on 'Performance measures in 2009 annual bonus plans' on page 105.

For all the executive directors, individual strategic goals formed the objectives against which individual performance was assessed. These included each executive director's contribution to the group strategy as a member of the plc Board and the specific goals related to their functional and/or business unit roles.

The bonuses awarded to the executive directors for 2008 reflect Group and, where applicable, their business unit's performance against the targets confirmed by the Remuneration Committee in February 2008. These targets were considered demanding at that time being based on the 2008-10 business plan drawn up prior to the market deterioration which started at the end of 2007. These targets have not been amended. As the economic climate further deteriorated in 2008 the challenges presented particularly to the Asia and Jackson businesses have proved exceedingly demanding. We are fully satisfied that the bonuses awarded properly take account of the absolute performance achieved against the original targets set.

The 2008 financial results under the main business measures incorporated in the annual plans are set out below. The measures for Jackson were different and are identified later in this section:

	Group notes 2,3	UK note 3	Asia note 4	M&G note 5
IFRS profit on continuing operations	£1,347m	£589m	£347m	£286m
EEV profit on long-term business	£2,906m	£1,037m	£1,309m	–
Net cash flow	£54m	(£80)m	£5m	–

A comparison with the 2007 results, using constant exchange rates, is set out in the following table.

	% increase from 2007 result			
	Group	UK	Asia	M&G
IFRS profit on continuing operations	7	12	27	13
EEV profit on long-term business	10	21	15	–
	Change from 2007 result			
Net cash flow	£136m	£62m	(£32)m	–

Notes

1 The 2008 and 2007 profit figures (based on reported actual exchange rates) were audited by KPMG. Net cashflow and the conversions at constant exchange rates are not audited.

2 2008 Group performance against the EEV profit and Cashflow in the executive directors' annual incentive plans was very strong. Group IFRS profit was also at a level against the target set which resulted in a payment being triggered.

3 Under the UK annual plan, performance against all the measures was very strong.
UK Net cash flow excludes the With-profits transfer of £279m.

4 Under the Asia annual plan, performance against IFRS and EEV versus the targets was strong but the Asia cash flow achieved did not result in a payment.

5 Michael McLintock's annual bonus plan performance measures include, as well as IFRS profits, growth in third-party funds under management and comparative fund investment performance. Performance achieved against IFRS profits was good and hence triggered a payment for this measure and fund performance at 68th percentile was very strong.
As for all fund management firms, 2008 saw a fall in the value of funds under management because of the fall in the FTSE. However, M&G significantly increased market share which was a considerable achievement during such a period of economic turmoil.

Clark Manning's annual plan included a cash flow measure which was not met. The Jackson senior management bonus pool in which Clark Manning participates depends on Jackson IFRS and EEV profits. The 2008 pool is some 35 per cent lower than the pool for 2007 reflecting IFRS and EEV results which are approximately 15 per cent lower than in 2007.

2008 Annual Plan payments based on performance

The payments included in the Remuneration table on page 117 are summarised in the table below:

	% of salary	% of maximum	Maximum as a % of salary
Philip Broadley*	50*	45*	110
Clark Manning†	208	n/a	n/a
Michael McLintock	556	n/a	n/a
Nick Prettejohn	100	91	110
Barry Stowe	61	56	110
Tidjane Thiam‡	100	91	110
Mark Tucker	97	77	125

Notes
* Full year equivalent basis – Philip Broadley's actual bonus and salary were pro-rated for service in 2008.
† Includes $1,448,900 from the Jackson bonus pool.
‡ Guaranteed bonus for 2008.

Directors' outstanding long-term incentive awards

Share-based long-term incentive awards

The section below sets out the outstanding share awards under the Restricted Share Plan, the Group Performance Share Plan and the awards under additional long-term plans for the executive directors who run specific businesses.

Plan name	Year of initial award	Conditional share awards outstanding at 1 Jan 2008 (Number of shares)	Conditional awards in 2008 (Number of shares)	Market price at date of original award (pence)	Releases or rights (options) granted upon vesting in 2008 (Number of shares)	Rights exercised in 2008	Conditional share awards outstanding at 31 Dec 2008 (Number of shares)	Date of end of performance period
Philip Broadley								
Restricted Share Plan	2005	182,983		683.00	114,365	114,365	–[1]	31 Dec 07
Group Performance Share Plan	2006	170,127					170,127[2]	31 Dec 08
Group Performance Share Plan	2007	147,559					147,559	31 Dec 09
		500,669			114,365	114,365	317,686	
Clark Manning								
Restricted Share Plan	2005	163,352		683.00	102,095	102,095	–[1]	31 Dec 07
Group Performance Share Plan	2006	241,415					241,415[2]	31 Dec 08
Business Unit Performance Plan (share element)	2006	120,707					120,707[3]	31 Dec 08
Group Performance Share Plan	2007	191,140					191,140	31 Dec 09
Business Unit Performance Plan (share element)	2007	95,570					95,570	31 Dec 09
Group Performance Share Plan	2008		182,262	674.50			182,262	31 Dec 10
Business Unit Performance Plan (share element)	2008		91,131	674.50			91,131	31 Dec 10
		812,184	273,393		102,095	102,095	922,225	

Plan name	Year of initial award	Conditional share awards outstanding at 1 Jan 2008 (Number of shares)	Conditional awards in 2008 (Number of shares)	Market price at date of original award (pence)	Releases or rights (options) granted upon vesting in 2008 (Number of shares)	Rights exercised in 2008	Conditional share awards outstanding at 31 Dec 2008 (Number of shares)	Date of end of performance period
Michael McLintock								
Restricted Share Plan	2005	58,555			36,597	36,597	–[1]	31 Dec 07
Group Performance Share Plan	2006	64,199					64,199[2]	31 Dec 08
Group Performance Share Plan	2007	52,040					52,040	31 Dec 09
Group Performance Share Plan	2008		48,330	674.50			48,330	31 Dec 10
		174,794	48,330		36,597		201,166	
Nick Prettejohn								
Group Performance Share Plan	2006	149,964					149,964[2]	31 Dec 08
Business Unit Performance Plan (share element)	2006	74,982					74,982[3]	31 Dec 08
Group Performance Share Plan	2007	130,071					130,071	31 Dec 09
Business Unit Performance Plan (share element)	2007	65,035					65,035	31 Dec 09
Group Performance Share Plan	2008		127,622	674.50			127,622	31 Dec 10
Business Unit Performance Plan (share element)	2008		63,811	674.50			63,611	31 Dec 10
		420,052	191,433				611,485	
Barry Stowe								
Group Performance Share Plan	2007	105,706					105,706	31 Dec 09
Business Unit Performance Plan (share element)	2007	52,853					52,853	31 Dec 09
Group Performance Share Plan	2008		107,988				107,988	31 Dec 10
Business Unit Performance Plan (share element)	2008		53,994				53,994	31 Dec 10
		156,559	161,982				320,541	
Tidjane Thiam								
Group Performance Share Plan	2008		314,147	674.50			314,147[4]	31 Dec 10
			314,147				314,147	
Mark Tucker								
Restricted Share Plan	2005	356,817		683.00	223,011		223.011[1]	31 Dec 07
Group Performance Share Plan	2006	337,044					337,044[2]	31 Dec 08
Group Performance Share Plan	2007	295,067					295,067	31 Dec 09
Group Performance Share Plan	2008		294,512	674.50			294,512	31 Dec 10
		988,928	294,512		223,011		1,149,634	

Directors' remuneration report
For year ending 31 December 2008
continued

Cash rights granted under the Business Unit Performance Plan

Plan name	Year of initial award	Conditional awards outstanding at 1 Jan 2008 £000	Conditional awards in 2008 £000	Payments made in 2008 £000	Conditional awards outstanding at 31 Dec 2008 £000	Date of end of performance period
Clark Manning						
Business Unit Performance Plan (Cash element)	2006	577[3]			577[3]	31 Dec 08
Business Unit Performance Plan (Cash element)	2007	624			624	31 Dec 09
Business Unit Performance Plan(Cash element)	2008		652		652	31 Dec 10
Nick Prettejohn						
Business Unit Performance Plan (Cash element)	2006	374[3]			374[3]	31 Dec 08
Business Unit Performance Plan (Cash element)	2007	400			400	31 Dec 09
Business Unit Performance Plan (Cash element)	2008		423		423	31 Dec 10
Barry Stowe						
Business Unit Performance Plan (Cash element)	2007	325			325	31 Dec 09
Business Unit Performance Plan (Cash element)	2008		358		358	31 Dec 10

Restricted Share Plan awards
For RSP awards in 2005, no rights were granted if the Company's TSR performance as ranked against the comparator group (those companies remaining out of the FTSE 100 at the beginning of the performance period) was at the 50th percentile or below. The maximum grant is made only if the TSR ranking of the Company is 20th percentile or above. Between these points, the size of the grant made is calculated on a straight line sliding scale. In normal circumstances, directors may take up their right to receive shares at any time during the following seven years.

2008 Awards
The awards made under the Group Performance Share Plan and the Business Unit Performance Plan in respect of 2008 have a performance period from 1 January 2008 to 31 December 2010.

In determining the 2008 conditional share awards the shares were valued at the average share price for the 30 days immediately following the announcement of Prudential's 2007 results, and the price used to determine the number of shares was 662.11 pence.

Group Performance Share Plan
Awards under the Group Performance Share Plan are described on page 111.

Business Unit Performance Plan
Awards under the 2008 Business Unit Performance Plan are described in the section on '2008 and 2009 Business Unit Performance Plan (BUPP) awards' on page 105. The performance measures for awards for 2006 and 2007 were the same.

Notes
Performance levels under current awards at 31 December 2008:

Note	Plan	Award year	Performance levels
1	Restricted Share Plan	2005	The ranking of the Company's TSR at the end of the three-year performance period ending on 31 December 2007 was 30th out of the remaining 85 companies in the FTSE 100 (35th percentile) and as a result options over 62.5 per cent of the maximum number of shares in each award was made.
2	Group Performance Share Plan	2006	At 31 December 2008 Prudential's TSR performance was 117 per cent of the TSR performance of the index. As a result, it is anticipated that awards over 92.4 per cent of the maximum number of shares will be earned, resulting in 311,428 shares for Mark Tucker, 157,197 shares for Philip Broadley, 223,067 shares for Clark Manning, 59,319 shares for Michael McLintock, and 138,566 shares for Nick Prettejohn.
3	Business Unit Performance Share Plans	2006	At 31 December 2008 Shareholder Capital Value performance under the 2006 BUPPs was as follows:
4	Tidjane Thiam		For 2008 as part of the terms of appointment, a double award under the Group Performance Share Plan of 320 per cent of salary was made to Tidjane Thiam.

Note 3 table:

	% growth SCV	Anticipated payout
Jackson	6.1	nil
UK	1.2	nil

Rights which were exercised from options granted from 2005 Restricted Share Plan awards during 2008 are set out in the following table:

	Year of option grant	RSP rights outstanding at 1 Jan 2008	Rights granted during 2008 (Number of shares)	Rights exercised during 2008 (Number of shares)	Rights outstanding at 31 Dec 2008 (pence)	Price paid for award	Exercise price (pence)	Market price on date of exercise (pence)	Earliest exercise date	Latest exercise date
Philip Broadley	2008	–	114,365	114,365	–	–	Nil	539.5	17 April 2008	04 April 2015
Clark Manning	2008	–	102,095	102,095	–	–	Nil	647.5	17 April 2008	04 April 2015
Michael McLintock	2008	–	36,597	36,597	–	–	Nil	377.0	17 April 2008	04 April 2015

Business-specific cash-based long-term incentive plans

Details of all outstanding awards under cash-based long-term incentive plans up to and including 2008 are set out in the table below. The performance period for all awards is three years.

	Year of initial award	**Face value of conditional awards outstanding at 1 Jan 2008 £000**	**Conditionally awarded in 2008 £000**	**Payments made in 2008 £000**	**Face value of conditional awards outstanding at 31 Dec 2008 £000**	**Date of end of performance period**
Clark Manning						
Business Cash LTIP	2005	1,400		2,385	–	31 Dec 07
Michael McLintock						
Phantom M&G options	2001	368		846	–	31 Dec 03
Phantom M&G options	2002	368		1,306	–	31 Dec 04
Phantom M&G options	2003	368		850	–	31 Dec 05
Phantom M&G options	2004	368		780	–	31 Dec 06
Phantom M&G options	2005	368			368	31 Dec 07
Phantom M&G shares	2005	225		527	–	31 Dec 07
Phantom M&G options	2006	368			368	31 Dec 08
Phantom M&G shares	2006	225			225	31 Dec 08
Phantom M&G shares	2007	1,333			1,333	31 Dec 09
M&G Executive LTIP	2008		1,141		1,141	31 Dec 10
Total cash payments made in 2008				6,694		

Clark Manning

In 2005 Clark Manning participated in a cash-based long-term plan that rewards the growth in appraisal value of Jackson. The award payout equals an initial award value adjusted by the change in the Prudential plc share price over the performance period. In order for any award to be made under the 2005 plan, the growth rate over the performance period must be greater or equal to eight per cent compound growth per annum. At this level of performance, the initial award value is US$864,240. If the on-target performance level of 11.5 per cent per annum compound is achieved the initial award value is doubled. If the annual growth rate is at least 17.5 per cent, the payout increases to a maximum of three times the initial award value. For performance between these points, payouts are on a straight line sliding scale.

For the 2005 award the results led to a payment of US$4,416,308. The face values of the awards for Clark Manning have been converted at the average exchange rate for 2008 which was US$1.8518 = £1 (2007: US$2.0015 = £1).

Michael McLintock

Michael McLintock's 2005 and 2006 cash long-term incentive awards were under the M&G Chief Executive Long-Term Incentive Plan that provides a cash reward through phantom M&G share awards and options. For these awards, the phantom share price at the beginning of the performance period was £1. The change in the phantom share price equals the change in M&G profit, modified up or down by the investment performance of M&G, over the performance period. For each year the face value of the share award was £225,000 and the phantom option award had a face value of £367,800. Provided the phantom share options have value, they may be exercised in part or in full during annual exercise periods after three to seven years from the start of the performance period.

For the 2005 award the phantom share price at the end of the performance period was £2.34. This resulted in a payment from the phantom share award of £526,500 and a phantom option award of 367,800 units. Michael McLintock did not exercise any of these options. For the 2006 award, the phantom share price at the end of the performance period was £1.69. This will result in a payment of £380,250 from the share element of the award.

Under the rules of Michael McLintock's 2001 phantom option award, a payment of £845,940 was made at the end of the seven year exercise period.

An award under the share element of the M&G Chief Executive Long-Term Incentive Plan with a face value of £1,333,000 was made in 2007.

Following consultations with shareholders an award with a face value of £1,141,176 was made in 2008 under the M&G Executive Long-Term Incentive Plan, approved by shareholders at the AGM in 2008.

Other share awards

The table below sets out the share awards that have been made to executive directors under their appointment terms and those deferred from annual incentive plan payouts. The values of the deferred share awards are included in the bonus and total figures in the Directors' remuneration table on page 117. The number of shares is calculated using the average share price over the three business days commencing on the day of the announcement of the Group's annual financial results for the relevant year. For the awards from the 2007 annual incentives, made in 2008, the average share price was 618.50 pence.

	Year of initial grant	Conditional share awards outstanding at 1 Jan 2008 (Number of shares)	Conditionally awarded in 2008 (Number of shares)	Scrip dividends accumulated (Number of shares)	Shares released in 2008 (Number of shares)	Conditional share awards outstanding at 31 Dec 2008 (Number of shares)	Date of end of restricted period	Shares released in 2008 (Number of shares)	Date of release	Market price at original date of award (pence)	Market price at date of vesting or release (pence)
Philip Broadley											
Deferred 2005 annual incentive award[note1]	2006	32,743		606	33,349	–[1,2]	31 Dec 08	33,349	21 Aug 08	715.5	506.5
Deferred 2006 annual incentive award[note1]	2007	31,868		590	32,452	–[1,2]	31 Dec 09	32,458	21 Aug 08	723	506.5
Clark Manning											
Deferred 2006 annual incentive award[note1]	2007	9,324		276		9,600[1,3]	31 Dec 09				
Deferred 2007 annual incentive award[note1]	2008		16,514	489		17,003[1]	31 Dec 10				
Michael McLintock											
Deferred 2005 annual incentive award[note1]	2006	86,874		2,580	89,454	[1]	31 Dec 08	89,454	31 Dec 08	715.5	416.5
Deferred 2006 annual incentive award[note1]	2007	83,450		2,479		85,929[1,4]	31 Dec 09				
Deferred 2007 annual incentive award[note1]	2008		103,811	3,084		106,895	31 Dec 10				
Nick Prettejohn											
Awards under appointment terms[note8]	2006	5,500			5,500		31 Oct 08	5,500	31 Oct 08	627.5	315
Deferred 2006 annual incentive award[note1]	2007	12,128		359		12,487	31 Dec 09				
Deferred 2007 annual incentive award[note1]	2008		49,898	1,482		51,380[1,5]	31 Dec 10				
Barry Stowe											
Awards under appointment terms[note9]	2006	7,088			7,088		01 May 08	7,088	01 May 08	702	697
		7,088				7,088	01 May 09				
		28,706				28,706	01 Sept 09				
		7,088				7,088	01 Jan 10				
		2,110				2,110	01 May 10				
Deferred 2007 annual incentive award[note1]	2008		40,551	1,204		41,755[1,6]	31 Dec 10				

	Year of initial grant	Conditional share awards outstanding at 1 Jan 2008 (Number of shares)	Conditionally awarded in 2008 (Number of shares)	Scrip dividends accumulated (Number of shares)	Shares released in 2008 (Number of shares)	Conditional share awards outstanding at 31 Dec 2008 (Number of shares)	Date of end of restricted period	Shares released in 2008 (Number of shares)	Date of release	Market price at original date of award (pence)	Market price at date of vesting or release (pence)
Tidjane Thiam											
Awards under appointment terms[note 10]	2008		16,336			16,336	31 Mar 09				
			41,148			41,148	31 Mar 09				
			48,362			48,362	31 Mar 10				
			41,135			41,135	31 Mar 10				
			49,131			49,131	31 Mar 11				
Mark Tucker											
Deferred 2005 annual incentive award	2006	38,125		1,132	39,257	[1]	31 Dec 08	39,257	31 Dec 08	715.5	416.5
Deferred 2006 annual incentive award[note 1]	2007	74, 088		2,200		76,288[1,7]	31 Dec 09				
Deferred 2007 annual incentive award[note 1]	2008		73,576	2,185		75,761[1,7]	31 Dec 10				

Notes

1. Under the annual bonus plans, the element of bonus for performance above specified levels are made in the form of a share award deferred for three years. The value of the 2007 deferred share award is included in the total 2007 figure in the Directors' remuneration table on page 117.
2. Under the terms agreed on his leaving the company, the outstanding deferred awards to Philip Broadley have been released to him.
3. In 2008, a deferred share award from his 2007 annual bonus valued at $200,000 was made to Clark Manning. This is included in the 2007 total in the Directors' remuneration table on page 117. The exchange rate used was US$2.0015 = £1.
4. In 2008, a deferred share award from his 2007 annual bonus valued at £640,000 was made to Michael McLintock. This is included in the 2007 total in the Directors' remuneration table on page 117.
5. In 2008, a deferred share award from his 2007 annual bonus valued at £307,625 was made to Nick Prettejohn. This is included in the 2007 total in the Directors' remuneration table on page 117.
6. In 2008, a deferred share award from his 2007 annual bonus valued at £250,000 was made to Barry Stowe. This is included in the 2007 total in the Directors' remuneration table on page 117.
7. In 2008, a deferred share award from his 2007 annual bonus valued at £453,600 was made to Mark Tucker. This is included in the 2007 total in the Directors' remuneration table on page 117.
8. In order to secure the appointment of Nick Prettejohn, he was awarded rights to Prudential plc shares that vest as set out in the table. In normal circumstances, releases are conditional on Nick Prettejohn being employed by Prudential at the date of vesting. If there is a change of control of Prudential he may be entitled to retain any unvested awards.
9. In order to secure the appointment of Barry Stowe and to compensate him for the loss of substantial amounts of outstanding long-term remuneration, he was awarded rights to Prudential plc American Depositary Receipts, which vest as set out in the table. The figures in the table are the equivalent number of Prudential plc shares (one American Depositary Receipt equals two Prudential plc shares). In normal circumstances, releases are conditional on Barry Stowe being employed by Prudential at the date of vesting. If there is a change of control of Prudential he may be entitled to retain any unvested awards.
10. In order to secure the appointment of Tidjane Thiam, the following awards were made

    - to compensate for the loss of 2007 bonus an award of 49,131 shares with a value of £325,000 vesting on 31 March 2011; and
    - In order to compensate for the loss of outstanding deferred share awards under annual incentive plans and long-term awards with his previous employer he was granted restricted share awards, in lieu of his 2006 and 2007 awards, without performance measures which will vest in March 2009 and 2010, respectively.

    These awards were valued taking the relative share prices of his previous employer on the day prior to his last working day and the Company on his first working day.

Directors' remuneration report
For year ending 31 December 2008
continued

Outstanding share options

Options outstanding under the Savings-Related Share Option (SAYE) Scheme are set out below. The SAYE is open to all UK and certain overseas employees. Options under this scheme up to HM Revenue and Customs (HMRC) limits are granted at a 20 per cent discount and cannot normally be exercised until a minimum of three years has elapsed. No payment has been made for the grant of any options. The price to be paid for exercise of these options is shown in the table below. No variations to any outstanding options have been made.

	Year of initial grant	Options outstanding at 1 Jan 2008	Exercised in 2008	Market price on exercise date (pence)	Options forfeit in 2008	Options granted in 2008	Options outstanding at 31 Dec 2008	Market price at 31 Dec 2008 (pence)	Original exercise price (pence)	Exercise price adjusted for 2004 Rights Issue (pence)	Earliest exercise date	Latest exercise date
Michael McLintock	2003	6,153	6,153	517.5			–	416.5	280	266	01 Jun 08	30 Nov 08
Nick Prettejohn	2006	661					661	416.5	565	n/a	01 Jun 09	30 Nov 09
Tijane Thiam	2008					1,705	1,705	416.5	551	n/a	01 Jun 11	30 Nov 11
Mark Tucker	2005	2,297					2,297	416.5	407	n/a	01 Dec 08	31 May 09

Notes
1 Gains of £15,420 were made by directors in 2008 on the exercise of share options. (2007: £11,339).
2 No price was paid for the award of any option.
3 The highest and lowest share prices during 2008 were 726 pence and 245 pence respectively.

Dilution

Prudential currently meets its obligations under its share plans by funding an employee trust which acquires shares on the open market either at the time of grant or by maintaining sufficient shares in the trust to meet the requirements as awards vest. Shares relating to options granted under all-employee share plans are satisfied by new issue shares. The combined dilution from all outstanding options at 31 December 2008 was 0.02 per cent of the total share capital at the time.

Directors' pensions and life assurance

The pensions policy is set out on page 112. Prudential's current practice in respect of pension arrangements for the current executive directors is set out below.

Philip Broadley participated in a non-contributory scheme that provided a pension of 1/60th of Final Pensionable Earnings for each year of service on retirement at age 60.

Philip Broadley was entitled to supplements based on the portion of his basic salary not covered for pension benefits under a HMRC approved scheme. He was also provided with life assurance cover of four times salary.

Michael McLintock participates in a contributory scheme that provides a target pension of 2/3rds of Final Pensionable Earnings on retirement at age 60 for an employee with 30 years or more potential service, for which his contribution is four per cent of basic salary. In both cases Final Pensionable Earnings are capped by a notional scheme earnings cap which replicates the HMRC earnings cap in force before A-Day (6 April 2006).

Michael McLintock is entitled to supplements based on the portion of his basic salary not covered for pension benefits under a HMRC approved scheme. He is also provided with life assurance cover of four times salary.

Nick Prettejohn and Tidjane Thiam are entitled to a total salary supplement of 25 per cent of basic salary. They have both opted to become members of the staff defined contribution pension plan, which provides death in service benefits including life assurance of four times salary. The company contributions to the pension plan are included in the supplement.

Mark Tucker is paid a salary supplement of 25 per cent of his salary. He is also provided with life assurance cover of four times salary. He is not a member of a company pension plan.

Clark Manning participates in a US tax-qualified defined contribution plan (a 401K plan). He is also provided with life assurance cover of two times salary.

Barry Stowe is paid a salary supplement of 25 per cent of his salary. He is also provided with life assurance cover of four times salary.

Where supplements for pension purposes are paid in cash, the amounts are included in the Directors' remuneration table on page 117.

Details of directors' pension entitlements under HMRC approved defined benefit schemes and supplements that are in the form of contributions to pension arrangements paid by the Company are set out in the following table:

				Additional pension earned during year ended 31 Dec 2008		Transfer value of accrued benefit at 31 Dec note 3			
	Age at 31 Dec 2008	Years of pensionable service at 31 Dec 2008	Accrued benefit at 31 Dec 2008 £000	Ignoring inflation on pension earned to 31 Dec 2007 note 1 £000	Allowing for inflation on pension earned to 31 Dec 2007 note 2 £000	2008 B £000	2007 A £000	Amount of (B-A) less contributions made by directors during 2008 £000	Contributions to pension and life assurance arrangements note 4 £000
Sir David Clementi	59	–							18
Philip Broadley*	47	8	16	2	2	147	135	12	–
Clark Manning	50	–							14
Michael McLintock	47	16	43	4	4	426	435	(22)	94
Nick Prettejohn	48	–							78
Barry Stowe	51	–							4
Tidjane Thiam	46								96
Mark Tucker	51	–							14

* Philip Broadley left on 31 May 2008 and all transfer information provided is for that date.

Notes

1 As required by Stock Exchange Listing rules.
2 As required by the Companies Act remuneration regulations.
3 The transfer value equivalent has been calculated in accordance with Actuarial Guidance Note GN11.
4 Supplements in the form of cash are included in the Directors' remuneration table on page 117.

No enhancements to the retirement benefits paid to or receivable by directors or former directors other than the discretionary pension increases awarded to all pensioners have been made during the year.

Total contributions to directors' pension arrangements including cash supplements for pension purposes were £1,027,267 (2007: £1,163,687) of which £268,668 (2007: £166,557) related to money purchase schemes.

Signed on behalf of the Board of directors

Bridget Macaskill
Chairman, Remuneration Committee

18 March 2009

Harvey McGrath
Chairman

18 March 2009

Summary of statutory and supplementary IFRS and EEV basis results
Year ended 31 December 2008

The following tables and referenced disclosure notes show the results reported in the statutory financial statements on pages 131 to 315 and supplementary EEV basis results on pages 318 to 356. This page does not form part of the statutory financial statements.

International Financial Reporting Standards (IFRS) basis results

Statutory IFRS basis results

	Primary statement or note reference	Page	2008	2007*
(Loss) profit after tax attributable to equity holders of the Company	IFRS income statement	131	£(396)m	£947m
Basic (loss) earnings per share	IFRS income statement	131	(16.0)p	38.7p
Dividends per share declared and paid in reporting period	IFRS note B3	162	18.29p	17.42p
Shareholders' equity, excluding minority interests	IFRS balance sheet	135	£5,058m	£6,062m

Supplementary IFRS basis information

	Primary statement or note reference	Page	2008	2007*
Operating profit from continuing operations based on longer-term investment returns	IFRS note B1	157	£1,347m	£1,201m
Short-term fluctuations in investment returns	IFRS note B1	157	£(1,783)m	£(137)m
Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes	IFRS note B1	157	£(14)m	£(1)m
(Loss) profit from continuing operations before tax attributable to shareholders (including actual investment returns)	IFRS income statement IFRS note B1	131, 157	£(450)m	£1,063m
Operating earnings per share from continuing operations after related tax and minority interests	IFRS note B2	161	42.5p	33.3p
Dividends per share in respect of the reporting period (including interim dividend of 5.99p (2007: 5.70p) and final dividend of 12.91p (2007: 12.30p) declared after the end of the reporting period)	IFRS note B3	162	18.90p	18.00p

Supplementary European Embedded Value (EEV) basis results

	Primary statement or note reference	Page	2008	2007*
Operating profit from continuing operations based on longer-term investment returns	EEV income statement	319	£2,961m	£2,530m
Short-term fluctuations in investment returns	EEV income statement	319	£(5,127)m	£174m
Mark to market value movements on core borrowings	EEV income statement	319	£656m	£223m
Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes	EEV income statement	319	£(15)m	£(5)m
Effect of changes in economic assumptions and time value of cost of options and guarantees	EEV income statement	319	£(581)m	£748m
(Loss) profit before tax from continuing operations		319	£(2,106)m	£3,670m
Operating earnings per share from continuing operations after related tax and minority interests	EEV note 14	343	88.6p	74.5p
Basic (loss) earnings per share	EEV earnings per share	319	(54.1)p	121.2p
Shareholders' equity, excluding minority interests	EEV balance sheet	321	£15.0bn	£14.6bn

* The Company has adopted the principles of IFRIC 14 in accounting for pension schemes in the current year, giving rise to consequential changes to the comparative results for 2007 (see note I1 to the Group financial statements and note 20 to the EEV basis supplementary information).

Notes

IFRS basis results The preparation of statutory IFRS basis results and supplementary IFRS basis information is consistent with that applied for the 2007 results and financial statements, except for the effect of the adoption of IFRIC 14 for pension schemes.

EEV basis results The EEV basis results are extracted from supplementary information and are not results that form part of the Group's financial statements.

Supplementary information The results shown above distinguish 'operating profits based on longer-term investment returns' from 'profits before tax'. The reconciling items are presented in accordance with the Group's policy as described in the Group's financial statements and supplementary information. Items excluded from operating profit based on longer-term investment returns represent primarily the effects of altered investment market conditions (short-term fluctuations) and actuarial and other gains and losses on defined benefit pension schemes. For EEV, the operating profit based on longer-term investment returns figure also excludes the mark to market value movements on core borrowings, the effect of changes in economic assumptions and the time value of the cost of options and guarantees.