ANNUAL REPORT 1989

PRUDENTIAL CORPORATION

The Prudential is one of the world's largest and strongest financial services groups. It employs 40,000 people in over 30 countries. Its main businesses are life assurance, pensions, general insurance (called property and casualty in many countries), investment management, unit trusts, reinsurance and estate agency. It has more than 8 million customers and is Britain's biggest institutional investor.

In all its core businesses the Prudential seeks to be a leading provider of services with a reputation for security and integrity, for value for money and quality of service.

In promoting its businesses the Prudential's aims are:

— to increase profitability and earnings per share and thus reward our *shareholders*, encourage investment and facilitate further expansion;

— to give *customer* satisfaction through high quality products accompanied by high standards of service, courtesy and fair dealing;

— to provide our *staff* with the leadership, training and working conditions essential to their success and to operate personnel policies based on ability with no discrimination on grounds of sex, race, colour or creed;

— to abide by the spirit of laws as well as their letter and to be a significant contributor to the development and well-being of the wider *community* in which we operate.

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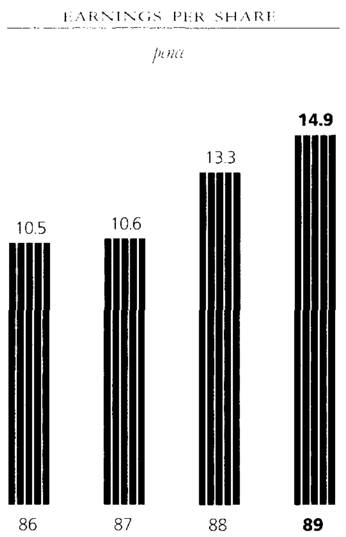
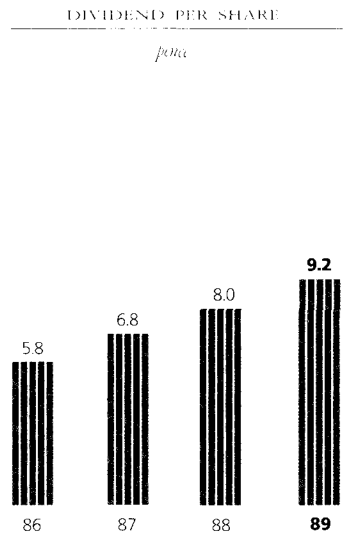
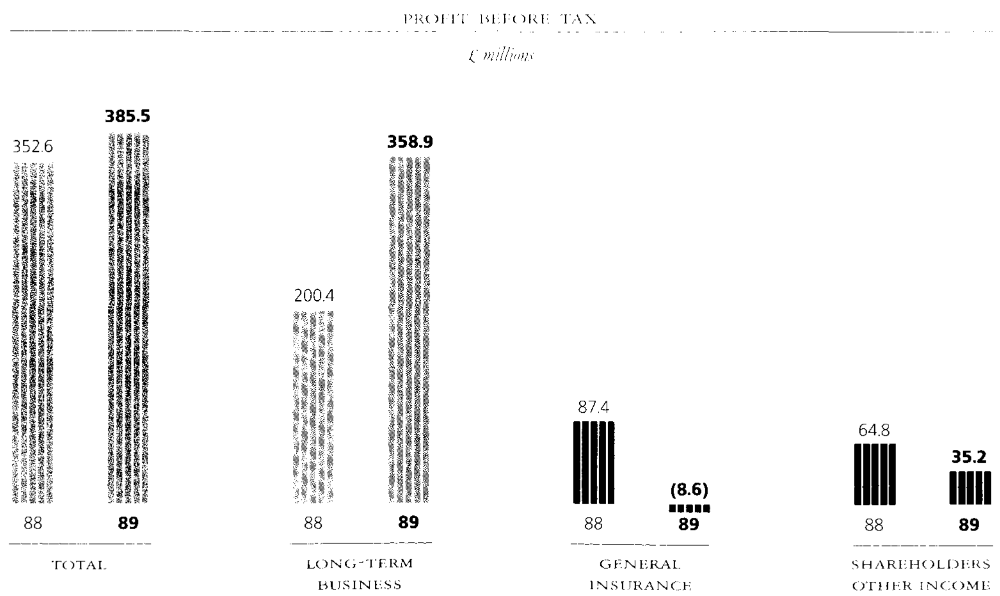
FINANCIAL HIGHLIGHTS

PROFIT SUMMARY

	1989	1988
Profit before tax	**£385.5m**	£352.6m
Profit attributable to shareholders	**£274.9m**	£244.5m
Earnings per share	**14.9p**	13.3p
Dividend per share	**9.2p**	8.0p







THE LORD HUNT OF TANWORTH, CHAIRMAN

"WE CONCENTRATE ON LONG-TERM VALUE AND THUS TAKE A LONG-TERM VIEW OF PERFORMANCE."

CHAIRMAN'S STATEMENT

Our results for 1989 were in aggregate good. Our profit before tax rose by 9.3% to £385.5m, and earnings per share rose by 12% to 14.9p. We are increasing the total dividend for the year to 9.2p per share which represents an increase of 15% over last year. Within this aggregate however the story was more than usually one of mixed fortunes with very good results from our long-term business offset by disappointing results from general insurance and a significant loss on estate agency.

I refer later in this Statement to the importance to be attached to our long-term business and it is particularly pleasing therefore to report that profit from it in 1989 was £358.9m compared with £200.4m in the previous year. Some of this is accounted for by the increased transfer to shareholders' funds which we forecast last year but all divisions showed improved results. Life and pensions business produced splendid results in the United Kingdom with both new business sales and profits showing large increases: and our overseas life businesses, particularly Jackson National in the United States, also did very well.

Our general insurance result - a loss of £8.6m compared with a profit of £87.4m in 1988 -was however disappointing, particularly after the good progress made in previous years. To some extent this was due to a downturn in the insurance cycle but our reinsurance business was badly affected by claims arising from the Piper Alpha explosion in July 1988, Hurricane Hugo and other recent disasters. The loss of £48.9m on estate agency following the present collapse of the main UK housing market was a cause for concern and urgent corrective action is being taken.

These are the highlights of a year in which the strong performance of our long-term business augurs well for the future: more detailed comment on our results is contained in the Chief Executive's Review.

Since this is my last Chairman's Statement it is perhaps timely to recall how much the external environment of our business has changed during the last five years. In almost all our principal markets there has been a major shift towards greater competition which has been fostered by the authorities through the medium of deregulation. As a result we are now competing with a much wider range of institutions as barriers come down within the financial services industry and as most of us move outside our traditional spheres of activity. This has provided us with significant opportunities although deregulation is also associated with greater uncertainties and greater volatility in markets. At the same time there has been increasing concern to protect consumers both from any unprofessional selling methods and from the risk of an ill considered decision, as evidenced in the United Kingdom by the Financial Services Act: greater consumer protection is welcome in principle although some current procedures and requirements are hardly cost-effective.

There is no sign that this period of change in the financial sector is coming to an end and the approach towards completion of the Single European Market will provide further impetus. The Prudential is well placed to take advantage of the opportunities which lie ahead. In the first place we are a very strong company in terms of both financial and human resources. We have a proud history and a reputation which is based on our objectives of giving good value and fair dealing to our customers and satisfaction to our shareholders. We are determined to maintain that reputation unaltered, but in a changing world we have to ensure that our organisation, our staff and our methods of working are all appropriate to the current environment. For this reason we have been putting special effort in recent years into training, new computer systems, the reorganisation of our UK field force and the development of a decentralised organisation which nevertheless has tighter budgetary and financial controls.

There is one other point which is worth emphasising at a time when the trend is inevitably towards change and diversification. This is the continuing great strength of our long-term business in insurance and pensions, notably in the United Kingdom, United States, Australia and Canada. Most of the commitments we make to our customers are long-term and our policies may extend for 50 years or more. This gives us great strength. It also means that we have to balance a short-term objective of ensuring a maximisation of earnings and dividends against the long-term needs of growth, of security and of meeting our customers' expectations.

This approach to our long-term business is also reflected in our handling of the various substantial funds which we invest – to a large extent on behalf of our customers whether private or corporate. We concentrate on long-term value and thus take a long-term view of performance. We believe it is important to maintain a dialogue with managements of companies in order to evaluate fully longer term earnings prospects. At the same time company managements should recognise that their primary obligation is to maximise the value of shareholders' investments in the company in both the short and long term.

Our bias is always to support good management teams who wish to retain their companies' independence. However, there will be occasions when a take-over is the only solution for an ailing company or when so high a price is offered that management would be failing in its fiduciary duty to its investors if they failed to recommend acceptance of such an offer. While our fund managers have considerable discretion over how best to meet the objectives of their funds or their customers, final responsibility rests with the Board of the Corporation. In view of critical comment often made about the attitude of the financial institutions to hostile take-over bids it is perhaps worth recording that in 1989 there were 84 bids for companies in which we had a shareholding and that in only 5 of these did we not follow the advice of the incumbent board. Over the whole period since 1984 there were 490 bids for companies in which we had stakes and we failed to support the incumbent management in only 25 cases. This is hardly a record of short-termism.

The Chief Executive's Review for 1989 is by Sir Brian Corby but by the time that this report appears he will have retired from that post which he has held since 1982. He has been a member of the Board of the Corporation since 1983 and is also Chairman of Mercantile and General Reinsurance. He has given outstanding leadership to the whole

Prudential Group during a crucial stage of our development as one of the world's largest and strongest financial services groups. He was Vice-President of the Institute of Actuaries from 1979 - 82 and Chairman of the Association of British Insurers from 1985 - 87 and we were delighted that his services to the insurance industry as a whole were recognised by a knighthood in last year's Queen's Birthday Honours. He is remaining on our Board as a non-executive Director and will succeed me as Chairman following the Annual General Meeting. He is also to become President of the Confederation of British Industry, the first time this position has been held by someone from the financial sector.

He is being succeeded as Group Chief Executive by Mr Michael Newmarch who has been Chief Executive of Prudential Portfolio Managers and who I am confident will be a worthy successor.

Mr Newmarch's place as Chief Executive of Prudential Portfolio Managers has been taken by Mr Hugh Jenkins, formerly Group Investment Director of Allied Dunbar Assurance PLC, whom we welcomed to our Board in November 1989.

Mr Gordon Wood will retire at the Annual General Meeting. Formerly Deputy Chief General Manager of The Prudential Assurance Company he joined the Board of the Corporation in 1984 and on his retirement from executive duties in 1985 was asked to remain on the Board in a non-executive capacity. We have much valued his continuing interest and advice.

We were very sad to learn of the death on 5 March 1990 of Mr A J (Tony) Pasant, Chairman of Jackson National Life. Mr Pasant was the founder of this major subsidiary of ours and following our acquisition of it in 1986 remained first as Chairman and Chief Executive and more recently as non-executive Chairman. We owe much to his drive and enthusiasm.

There are some relatively minor items of special business for our Annual General Meeting and I am writing separately to shareholders about these.

During the past five years I have had the opportunity to meet staff in most parts of the world where we do business and it is a particular pleasure to close my last Chairman's report by thanking them once again for their hard work and the way in which they have continued to uphold the reputation of the Prudential.

Hunt of Tanworth

THE LORD HUNT OF TANWORTH 20 APRIL 1990

MICHAEL NEWMARCH (*LEFT*) GROUP CHIEF EXECUTIVE WITH EFFECT FROM 1 APRIL 1990. SIR BRIAN CORBY (*RIGHT*) GROUP CHIEF EXECUTIVE TO 31 MARCH 1990, AND CHAIRMAN WITH EFFECT FROM 30 MAY 1990.

"THE GROUP ENTERS THE 1990's IN A STRONG POSITION TO TAKE ADVANTAGE OF THE OPPORTUNITIES WHICH SO CLEARLY EXIST."

CHIEF EXECUTIVE'S REVIEW

In 1989 there were significant variations in the contributions of our businesses to overall profits.

Our long-term business has developed strongly and at the same time has been very profitable. Worldwide long-term premiums increased by 26%, nearly £1bn, to £4.8bn. New annual premiums increased by 27% to £633m and single premiums were up by 33% to £2.4bn. Pension sales in the United Kingdom have been particularly good, whilst in the United States our life operation has continued to grow.

In total, long-term profits show a 79% increase, from £200.4m to £358.9m. There are a number of factors contributing to this increase and these are explained later in this review. The growth in profitability is exceptional, but the higher level of long-term profits is a better reflection of the future return to shareholders from our long-term funds.

However, our general business, both direct and reinsurance, was disappointing. The business was written against the background of a number of major events and we have been particularly unfortunate in the losses sustained from one particular incident, namely the Piper Alpha disaster in the North Sea. In addition, there has been a marked downturn in the UK housing market which has contributed to a substantial loss within the UK estate agency business.

THE BUSINESS BACKGROUND

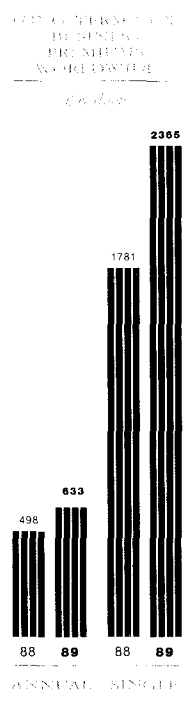
We invest funds, which in total at the end of 1989 amounted to £47bn, in all significant international stock markets. In 1989 equity markets performed well around the world, against an economic background which was broadly favourable. The world economy was perceived to be relatively robust while inflationary pressures were being contained. As far as the United Kingdom was concerned, the performance of the market early in the year removed a substantial under-valuation at the end of 1988, and the overall rise for the year has meant that our funds under management have shown significant gains.

At the same time interest rates were tending to rise. This was particularly the case in our major market, the United Kingdom, and this coupled with a lack of confidence as to likely further trends of interest rates led to a significant downturn in the housing market. Further, the increased volatility of stock markets has meant that confidence in equity linked products, particularly unit trusts, which was badly dented by the 1987 stock market falls, has been slow to return.

During the year, the United Kingdom Government's intentions in relation to the tax regime under which our core life and pensions business will operate have been further clarified. Whilst it is still difficult to assess the overall impact that the fiscal changes will have, they are less onerous than had previously been feared, and we believe that our policyholders will not be disadvantaged to any significant extent. At the same time, following the extensive review that has taken place, we are now more certain as to the future in respect of taxation than we have been for some years.

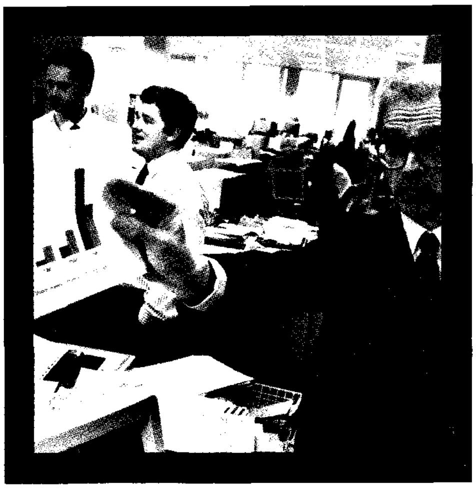
We also welcome the revisions that are taking place in the requirements of the Securities and Investments Board, and its less bureaucratic approach to regulation. We are pleased with the steps that have been taken to reduce some of the more burdensome arrangements, which in our view were of little benefit to the consumer. Much, however, remains to be done to bring about a balanced and cost efficient method of supervision. A very considerable amount of work is involved in a Group such as ours to ensure compliance – which we are concerned to do – as well as to take part in a constructive way in the discussions arising on proposals put forward by the various regulatory bodies.

Within the European Community moves to bring about a single market in the insurance industry have been slow as compared with other financial sectors. Whilst this is to some extent understandable, it is disappointing as far as the United Kingdom insurance industry is concerned, which has a very successful record in providing good value and innovative products to its customers and would wish to have similar opportunities elsewhere. We therefore welcome moves which were announced towards the end of 1989 to bring about a system whereby companies would be subjected to prudential regulation in their host country and would then be free to operate, subject to local rules on marketing, elsewhere in the Community. As the necessary directives are being developed we must be vigilant to ensure that measures to bring about "harmonisation" are not such as to detract from the freedom of product design and of investment which we have hitherto enjoyed in this country to the obvious benefit of our policyholders.



LONG TERM PROGRESS

I explained earlier that in 1989 our long-term business developed strongly. A significant feature of much of our life insurance business is the slow emergence of profits. This means that it is not



FUND MANAGERS AT PRUDENTIAL PORTFOLIO MANAGERS.
OVER 8 MILLION INDIVIDUALS ENTRUST
THE MANAGEMENT OF THEIR MONEY TO
PRUDENTIAL, BRITAIN'S LARGEST
INSTITUTIONAL INVESTOR.

easy to see from the accounts as we currently prepare them the value of this business to our shareholders and, in particular, the increasing profits which will emerge in the future from the high levels of new business written in the last few years. A number of circumstances in 1989 have brought this point into prominence and we are making efforts, together with the insurance industry as a whole, to explore whether there are alternative ways of presenting our results.

The issues involved are complex and any new proposals will require a wide measure of support if they are to be acceptable, but we are addressing them as a matter of urgency to see how accounting practices can be improved to bring out more clearly the value to current and future profits of the new business as it is written.

In last year's review I referred to the with-profits business written in the long-term fund of The Prudential Assurance Company, and our intention to increase the proportion of the profits transferred into shareholders' funds. By the Articles of Association of that company the transfer must be no more than 10% of the divisible profits of the long-term business, and the transfers which have been made for 1989 are very close to that amount. The effect of this change is that we shall have more resources available in the shareholders' funds for the future development of our business.

The way bonuses emerge under the with-profits contracts is not always well understood. Premiums under these policies are invested in a pool of assets and our approach is to assess the return received on these invested premiums after deduction of expenses and the cost of providing benefits payable on early death. In addition we make a small deduction to cover the cost of smoothing the amounts payable from year to year. This feature of smoothing is a major factor in increasing the attraction of the with-profits contract since it enables policyholders to benefit from equity investment whilst at the same time enjoying a considerable measure of protection from the day to day fluctuations of the stock market. Our approach, which is based on our substantial investment in equities and in property, together with smoothing of the policy proceeds from year to year, is only possible because we have within our long-term funds substantial resources over and above those required to meet our contractual liabilities and our solvency margin.

In recent years we have been able to make increases in the amounts payable on maturity and on death under our with-profits policies in the United Kingdom. The increases have been made possible by the very favourable investment performance over many years. Our review of the position of the fund this year has resulted in our being able to make further, and in some cases considerable, increases in policy proceeds. For example for a with-profits endowment insurance in the Ordinary Branch of Prudential Assurance originally issued for a twenty five year term for a basic sum assured of £10,000, the amount payable on maturity in mid-1990 will be £71,940, which compares with £59,950 for a similar policy maturing a year earlier. We believe that the increases in bonuses which we have declared enable us to give good value to our policyholders and make us very competitive in the market. Our shareholders also benefit in that the transfer to profit and loss account includes a proportion of the cost of these bonuses.

GENERAL INSURANCE

As our results for 1989 show, and as the weather-related incidents have impressed upon the public mind in the early part of 1990, general insurance markets have been very eventful.

Following improved results in the mid 80s we enter into a new decade in the midst of a severe downturn in the insurance cycle. For a number of years the major insurance markets had benefited from milder than average winters, a lower frequency of large individual losses and a relatively stable reinsurance market. The events of 1989 have reversed this trend with an unprecedented number of disasters. At the same time the high level of available capacity in the direct insurance markets has so far prevented significant increases in insurance rates arising from these events. International reinsurance markets, in which we operate through Mercantile and General Reinsurance, have also been unable to raise rates, despite the high level of claims made in them during the year. With recent events it now seems probable that reinsurance rates in particular will have to rise sooner rather than later.

In the marine and aviation markets, rates available persist at levels insufficient to absorb claims of the magnitude of Piper Alpha and the pollution spillage of Exxon Valdez.

OPERATING AREAS

Our principal areas of operation are Europe, North America and South East Asia/Australia.

Within Europe the bulk of the Prudential's business arises in the United Kingdom, where we are a market leader in life and pensions business, the largest writer of property contents business, the controller of the largest insurance direct selling force, and a leading estate agent.

One of the consequences of the Financial Services Act has been to place a premium on distribution power in the life insurance sector: in this our direct selling force gives us a particular strength. In addition, allied to our other activities, we are a leading fund manager with an increasing number of pension fund clients. Our non insurance based savings products such as unit trusts and PEPs continue to develop.

In the remainder of the European Community we are concentrating on the profitable development of our existing business and at the same time ensuring that we are fully up to date with developments so that we can take suitable opportunities as they arise. Given the present high cost of acquiring existing business it is unlikely that we would wish to expand by way of a major acquisition.

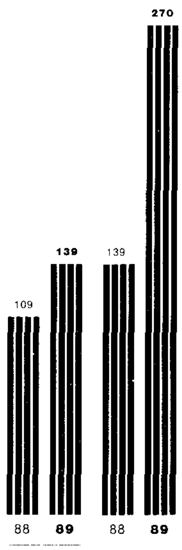
Our life business in the United States is of relatively recent origin but it has continued to grow rapidly and in a most satisfactory manner, giving us a significant presence in one of the major markets of the world.

I described to you last year the acquisition of Aetna's life business in Australia and New Zealand, which has considerably improved our market share and whose benefits we are already seeing. We have also strengthened our management in South East Asia as the first steps towards further developing our future business from that area.

Our general insurance interests are largely confined to the United Kingdom, Canada and Belgium, together with the international reinsurance business we write at Mercantile and General.

PERSONAL PENSIONS NEW BUSINESS PREMIUMS UK

£million



UNITED KINGDOM

Life and pensions business has produced excellent results in the United Kingdom, with both new business sales and profits showing very significant increases.

The personal pensions market received a major boost during 1988 with changes in legislation and the Government's offer of incentives for those opting out of the state earnings related pension scheme. The effect of these changes carried through into 1989, and in particular into the first quarter of the year; 168,000 rebate policies were sold in this period. This upsurge in volume put great strain on our administrative staff, but they coped well and helped us to maintain our market leadership in personal pensions. Our market share of the new annual premium pensions rose to over 12% and to date we have obtained more than 10% of all rebate business sold. Many of the customers for the new-style pensions contracts are new to the

PRUDENTIAL HOME SERVICE BRANCH MANAGER ANDY ANDREWS
DISCUSSING AN INVESTMENT WITH KAREN HENSBY.
KAREN IS ONE OF 500,000 CUSTOMERS WHO
HAVE TAKEN ADVANTAGE OF A NEW STYLE
PERSONAL PENSION WITH PRUDENTIAL.

Prudential, and have caused a substantial move in our customer base towards younger age groups. This is a very positive development for the future prospects of the Group.

We were also successful in our efforts during the year to reduce the level of policies which are terminated prior to maturity. This is beneficial to our policyholders and to our shareholders.

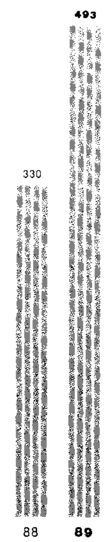
The market for low-cost endowment plans linked to mortgages has been depressed during the year, reflecting the state of the housing market, but we have concentrated our efforts on council "right to buy" customers and on the first-time buyer market. As a result, we have been able to sell new policies with annual premiums of £33m (1988 £41m).

I mentioned in last year's report that we had embarked upon a restructuring of our field staff in order to improve the way in which we distribute our products to our customers. 28 of our 400 districts have already changed to the new system on a prototype basis, and the results so far are encouraging. We are particularly pleased that the field staff were able to achieve ambitious sales targets despite the obvious disruption caused by major changes in working practices.

New annual premiums written amounted to £276m (1988 £248m) and single premiums to £434m (1988 £268m). Revenue premiums amounted to £1,508m (1988 £1,284m). It is of considerable interest that the proportion of new annual premiums in the Industrial Branch was 24% of the total United Kingdom life business, which compares with 44% in 1986.

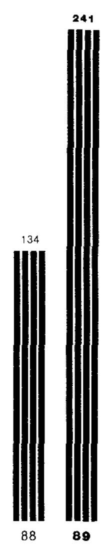
CORPORATE PENSIONS PREMIUM INCOME UK

£ millions



Our Corporate Pensions business had a particularly successful year. New annual premiums rose to £38m (1988 £28m) and single premiums to £390m (1988 £238m) largely due to sales of immediate annuities. These are based on competitive but profitable rates and the efficiency of the quotation service offered. During the year Additional Voluntary Contribution (AVC) schemes were introduced for Teachers and Local Authorities, and these and existing AVC schemes provide good potential for future growth and profit achievement.

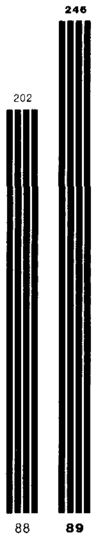
LONG-TERM PROFIT UK



Total profits from our long-term business in the United Kingdom rose to £241m (1988 £134m). Some £56m of this increase results from the increased shareholder proportion but the underlying 38% increase is due to the growth in business and increase in policyholders' bonuses to which I have already referred. This in turn reflects the strength of the long-term funds and the continuing high level of investment performance on fund assets.

General insurance results in the United Kingdom were worse than 1988, which benefited from relatively benign weather conditions. The dry summer led to a number of claims for

COMMERCIAL AND BROKER PREMIUMS UK
£ million



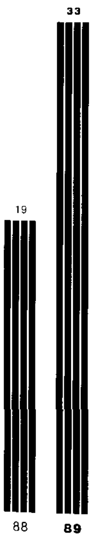
house subsidence, and a trend towards higher court awards for motor accident liability claims contributed to a decline in the profitability of personal lines business. Claims for damage arising from the recent storms of January and February will be reflected in 1990's results. The commercial vehicle market as a whole suffered from an increasing number of large individual claims. As a result, trading profit declined to £24.8m (1988 £41.3m). Total premiums written increased to £490m (1988 £428m) and it was pleasing to see the considerable increase in business from brokers written by our General Insurance Division recently relocated to Welwyn Garden City.

Profits from investment management doubled to £16.0m and included a good contribution from the venture capital operation.

I have already mentioned the effect of stock market volatility on investor confidence. The consequent lack of interest in unit trusts and other equity linked products has continued to affect the performance of Prudential Holborn, our unit trust operation, and redemptions marginally exceeded sales. Increased income from management fees combined with an increasing spread of business has however resulted in a profit of £1.7m on unit trusts and PEP's combined, compared with a loss last year of £3.9m.

It has been a difficult year for the estate agency business, with increasingly high mortgage interest rates causing a major downturn in the housing market. The volume of houses sold was less than 50% of last year, although the proportion of life policies sold in relation to house sales rose from 20% to 36%, confirming its effectiveness as a distribution channel. The overall loss of £48.9m is, however, high and a detailed review of the business is underway. We fully recognise the need to take urgent steps to reduce this level of loss.

JACKSON NATIONAL LONG-TERM PROFITS
£ million



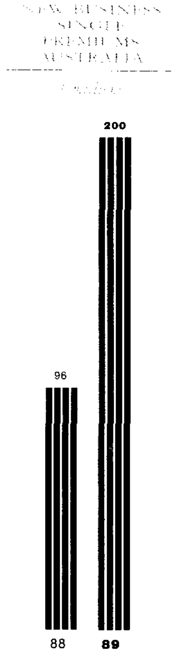
INTERNATIONAL

Our international long-term business had a very successful year. Premium income increased to £2,269m (1988 £1,755m) and profits rose to £67.1m (1988 £41.1m).

In the United States, Jackson National, following the exceptional growth in 1988, achieved further high levels of sales in 1989. Single premiums increased to £1,029m from £940m, and new annual business to £84m from £56m. Profit for the year rose to £32.9m (1988 £19.4m) following a very good second half-year. Jackson National continues to be innovative and has pioneered the product "Lifeline" whereunder part of the sum assured can be advanced if a serious disease is diagnosed; this has proved to be very popular.

In Canada we achieved very good growth with revenue premiums rising to £320m (1988 £256m) and profits to £8.3m (1988 £4.1m).

Particularly significant in Australia was the rise in single premiums for the year to £200m (1988 £96m) and the acquisition of Aetna and its successful integration into our existing business. We have consolidated our position in the Australian life market, and in particular see considerable scope for increasing our share of the single premium market, based on our good investment record.



In Italy, our life company Prudential Vita continues to grow well, albeit from a small base. Our 50:50 joint venture partner, Benetton, decided to reduce its involvement in financial services and early this year sold its shareholding to the French insurer L'Abeille, part of the Victoire Group. In conjunction with this, it was agreed that we would purchase a further 10% of the company from L'Abeille to give us control. At the same time, L'Abeille purchased Benetton's 50% share in our general insurance operation and it was agreed that they would purchase a further 10% and control from us.

Our operations in South East Asia are still relatively small but with the strengthening of management mentioned earlier we are building up our business in Hong Kong and Singapore with a view to forming a strong base in the region. We believe this to be an area of very considerable potential.

Our international general insurance business had an unsatisfactory year, incurring a loss of £4.7m (1988 profit £12.5m). Soft markets and excess supply characterised many of the countries in which we operate, and results were impaired by a series of disasters.

In Canada the results suffered from particularly high weather-related claims during the latter part of the year, leading to an overall loss of £0.4m (1988 profit £1.7m). Our Belgian subsidiary L'Escaut made a loss of £3.4m (1988 profit £3.2m), following some large industrial fire claims and adverse experience on the motor account.

Claims on marine business have also been high and the result for the marine and aviation account was a loss of £2.7m (1988 profit £6.0m). A major factor here was the Piper Alpha rig explosion in July 1988 for which reserves established at the end of 1988 were found to be inadequate.

JACKSON NATIONAL LIFE EXECUTIVES HAVE AN ENVIABLE TRACK RECORD OF INNOVATION. ACQUIRED BY PRUDENTIAL IN 1986, JACKSON IS ONE OF THE FASTEST GROWING LIFE INSURERS IN THE US.

REINSURANCE

Growth in most of our long-term reinsurance markets has been strong during the year, with new annual premiums increasing to £111m (1988 £66m) and revenue premiums to £424m (1988 £345m). Much of this increase has been in continuous disability business, where US medical expenses contracts are being written through the Canadian branch.

For the last few years we have held the profits from the long-term business at about the same level on account of uncertainties about future claims for death and disability arising from AIDS. We have now reassessed the position in the light of our experience, more recent reports as to the likely future impact of the disease and the fact that we believe we are taking on new business on satisfactory terms. Furthermore, the investment performance of the assets backing our liabilities, a substantial proportion of which is in equities, has been strong. As a result of this reassessment we have decided it would be appropriate to increase the transfer to profit and loss account.

The results of general business reinsurance have been very disappointing, producing a loss of £28.7m (1988 profit £33.6m). The Piper Alpha explosion has proved to be the biggest individual marine insurance claim in history, and Mercantile and General was significantly exposed to losses arising from it. We have had to set aside a further £45m of reserves during the year.

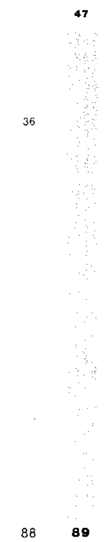
This was not the only major claim to affect the 1989 results, with significant amounts being incurred on Hurricane Hugo, the Phillips Petroleum explosion in Texas, the San Francisco earthquake and run-offs on marine business. So far, these claims do not seem to be leading to any overall increases in reinsurance market rates, but the large number of major incidents in 1989 brings out yet again the need for security in reinsurance and for continuity in relationships between reinsurers and their clients.

There are encouraging signs in the expansion of our reinsurance business in Europe, where we have opened a new office in Milan; in the Far East, with a new office in Singapore; and the London broker market.

LONG-TERM PREMIUM INCOME REINSURANCE

£ millions

WORLDWIDE FUNDS UNDER MANAGEMENT



INVESTMENT MANAGEMENT

Total worldwide funds under management rose to £47.1 bn (1988 £36.3bn), helped in part by buoyant stock markets in the first part of the year. At the year end 51% of the funds were invested in equities, 26% in fixed interest securities, 13% in property, with the balance held in mortgages, loans and deposits.

The performance of the investments supporting our insurance funds is fundamental to the strength of our business and the quality of our fund managers is widely recognised. This is evidenced by the fact that during the year we acquired more than £1.3bn of new funds to manage on behalf of pension fund clients. Good investment performance in recent years has also enabled us to declare increased bonuses on our UK with-profits life and pensions products, which I have already mentioned, giving better value to our customers and helping our sales force to sell our products.

FINANCIAL MANAGEMENT

SHAREHOLDERS' FUNDS

£ million

The financial position of the Group remains strong. Total shareholders' funds have increased over the year from £608m to £814m. Shareholders' borrowings have continued to decline and gearing has been brought down from 71% to 51% with debt interest covered ten times by profit. The Group continues to attract the highest debt ratings for both its long and short term borrowings.

We have further strengthened our financial management by improving our approach to foreign exchange exposure management, cash flow and the allocation of Group resources amongst our principal businesses. Improved control over cashflows will we believe enable us to meet foreseeable demands on shareholders' funds from our existing resources.

Over the last few years we have followed a policy of devolving profit accountability to our business managers. During 1989 we extended this approach by similarly converting most of our internal service divisions from cost centres to profit centres. This has introduced a stronger financial discipline and at the same time given all of our managers more control over their overheads. As a consequence, there is increased awareness of costs within our organisation and we have a better appreciation of the true costs of our internal services. The revised arrangements provide a more effective means of measuring our performance and place us in a better position to make external comparisons of our efficiency.

THE FUTURE

Looking to the near future, a harsher economic environment in the United Kingdom may make the sales of life and pensions products more difficult. But the effect of this is by no means uniform and significant opportunities exist in many areas of the market. In the longer term there is clearly scope for a considerable increase in the market for insurance and savings products.

Steps we have taken ensure that our customer base is extending in the major areas in which we operate, where we are also expanding the range of savings products which we offer.

In many countries the ageing population has brought home the cost of providing state pensions, which has led to moves to encourage individuals to take more personal responsibility for the provision of their pensions. This is an area where we are particularly strong and gives us a clear opportunity for growth. Associated with this is the increasing level of inherited wealth among the groups which form our customer base and the growth in the sales of lump sum investments which will result.

In general insurance we have obviously suffered a high level of claims in the opening months of 1990 as a result of the storms in North Western Europe. Such events bring out very clearly the need for insurance and for reinsurance which gives opportunities for growth based on a business which is soundly reserved and well organised following the changes we have made in the last few years.

The 1980's has been a decade of much change, both internal and in the markets in which we operate. During my period as Chief Executive I have enjoyed the full support of my colleagues in moving the Prudential forward. I would thank both them and all our staff for the tremendous effort that has been made. My successor, Mick Newmarch, has the qualities and experience necessary to meet the further changes that lie ahead and I wish him every success. I believe the Group enters the 1990's in a strong position to take advantage of the opportunities which so clearly exist.

Brian Corby

SIR BRIAN CORBY 20 APRIL 1990

DIRECTORS

THE RT HON LORD HUNT OF TANWORTH GCB
Chairman
(AGE 70) A director since 1980. Chairman since 1985 and Deputy Chairman from 1982 to 1985. Secretary of the Cabinet from 1973 to 1979. Chairman of Banque Nationale de Paris plc, director of IBM (UK) and advisory director of Unilever.

SIR TREVOR HOLDSWORTH FCA
Deputy Chairman
(AGE 62) A director since 1986 and Deputy Chairman since 1988. Former Chairman of GKN. Chairman of Allied Colloids and British Satellite Broadcasting. President of Confederation of British Industry until May 1990.

SIR ALEX JARRATT CB
Deputy Chairman
(AGE 66) A director since 1985 and Deputy Chairman since 1987. Chairman of Smiths Industries. Deputy Chairman of Midland Bank and director of ICI.

SIR BRIAN CORBY FIA
Group Chief Executive until 31 March 1990
(AGE 60) An executive director since 1983. Chairman, Mercantile and General Reinsurance. Director of the Bank of England. Former Chairman of the Association of British Insurers. President of Confederation of British Industry from May 1990.

MICHAEL NEWMARCH
Group Chief Executive from 1 April 1990
(AGE 51) An executive director since 1985. Chairman, Prudential Assurance, Prudential Holborn and Prudential Corporate Pensions.

MICHAEL ABRAHAMS MBE
(AGE 52) A director since 1984. Former Deputy Chairman of John Crowther Group. Director of John Waddington, Dalepak and Drummonds.

RONALD ARTUS FSIA
(AGE 58) An executive director since 1984. Group Chief Investment Manager. Chairman, Prudential Portfolio Managers and Prudential Property Services.

MARY BAKER
(AGE 53) A director since 1988. Former Chairman of the London Tourist Board. Director of Thames Television, Avon Cosmetics and Barclays.

THE RT HON LORD BUTTERFIELD OBE DM FRCP
(AGE 70) A director since 1981. Former Regius Professor of Physic, University of Cambridge. Former Master of Downing College. Chairman of the Croucher Foundation (Hong Kong). Vice-Chancellor of Cambridge University from 1983 to 1985.

SIR RONALD DEARING CB
(AGE 59) A director since 1987. Former Chairman of Post Office Corporation. Chairman of Northern Development Company. Chairman of The Polytechnics and Colleges Funding Council. Chairman of the Financial Reporting Council. Director of Whitbread and British Coal.

ANTHONY FREEMAN FCA FCMA
(AGE 52) An executive director since 1985. Managing Director, UK Individual Division. Chairman, Prudential Mortgage Company. Director of LAUTRO.

THE HON SIR VICTOR GARLAND KBE FCA
(AGE 55) A director since 1984. Member of the Australian Federal Parliament from 1969 to 1981, holding various ministerial posts. High Commissioner for Australia in the UK from 1981 to 1983. Director of a number of investment trusts. Deputy Chairman of the South Bank Board.

HUGH JENKINS FRICS FPMI
(AGE 56) An executive director since November 1989. Chief Executive, Prudential Portfolio Managers.

MICHAEL LAWRENCE FCA
(AGE 46) An executive director since 1988. Group Finance Director.

JOHN LOCK FCII
(AGE 59) An executive director since 1988. Managing Director, Mercantile and General Reinsurance.

BRIAN MEDHURST FIA
(AGE 55) An executive director since 1985. Managing Director, International Division.

PETER MOODY CBE FIA
(AGE 71) A director since 1981 and Deputy Chairman from 1984 to 1988. Chairman of Prudential Staff Pensions. Former Joint Secretary and Group Chief Investment Manager. Director of Laird Group. Former President of the Institute of Actuaries.

JULIUS NEAVE CBE JP DL
(AGE 70) A director since 1982. Former Managing Director, Mercantile and General Reinsurance. Past President of the Geneva Association, past President of the Chartered Insurance Institute and former Chairman of the Reinsurance Offices Association.

THE RT HON JAMES RAMSDEN
(AGE 66) A director since 1972 and Deputy Chairman from 1976 to 1982. Member of Parliament from 1954 to 1974, holding various ministerial posts. Chairman of the London Clinic.

COLIN SOUTHGATE
(AGE 51) A director since May 1989. Chairman and Chief Executive of Thorn EMI and director of Lucas Industries and PowerGen.

GORDON WOOD FIA
(AGE 65) A director since 1984. Former Managing Director, Central Services and Deputy Chief General Manager, Prudential Assurance.

DIRECTORS' REPORT

for the year ended 31 December 1989

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

Prudential Corporation plc is the Group holding company and the principal activity of its subsidiaries is the provision of financial services, including the transaction of insurance and reinsurance business of all classes in the United Kingdom and overseas. Particulars of principal subsidiary companies are given on page 39.

The Group's business is reviewed in the Chairman's statement on pages 5 to 7 and the Chief Executive's review on pages 9 to 22.

ACCOUNTS

The consolidated balance sheet on page 29 shows the state of affairs of the Group at 31 December 1989. The Company's balance sheet appears on page 30 and the consolidated profit and loss account on page 28. There is a five year review of the Group on pages 43 and 44.

DIRECTORS

The present directors are shown on page 23.

Mr C G Southgate was elected a director on 31 May 1989. Lord Carr and Mr D S Craigen retired on 31 May 1989. Mr H R Jenkins was appointed a director on 1 November 1989 and retires in accordance with the Articles of Association and offers himself for election at the Annual General Meeting.

The directors retiring by rotation at the Annual General Meeting are Mr M D Abrahams, Mr R E Artus, Lord Butterfield, Sir Victor Garland, Sir Trevor Holdsworth and Mr J A S Neave. They offer themselves for re-election. Mr F G Wood retires at the Annual General Meeting.

The service contract of Mr R E Artus has an unexpired term of less than one year.

A statement of directors' shareholdings is set out on page 42.

DIVIDENDS

The directors have declared a final dividend for 1989 of 6.1p per share payable on 30 May 1990 to shareholders on the register at the close of business on 12 April 1990. The dividend for the year, including the interim dividend of 3.1p per share paid in 1989, amounts to 9.2p per share compared with 8.0p per share for 1988.

EMPLOYEES

The following information is given in respect of employees of the Group in the United Kingdom only. The policy towards employees overseas is the same but the practical application of the policy varies according to local requirements.

NUMBER OF EMPLOYEES

The average number of persons employed by the Group in the United Kingdom in each week of 1989 was 30,894 and their total remuneration was £513.4m.

EQUAL OPPORTUNITY

Group policy is to recruit, develop and employ staff on the basis of the suitability of their qualifications and experience to the work to be performed, regardless of sex, marital status, creed, race, nationality or disability. Full consideration is given to continuing the employment of staff who become disabled and to providing training and career development opportunities to disabled employees.

EMPLOYEE INVOLVEMENT

Continued efforts were made in 1989 to communicate with employees on issues which concern them. Channels through which employees' views can be sought continue to be developed. For the seventh year running employees were encouraged to participate in the savings-related share option scheme. The board of the trustee company of the Prudential Staff Pension Scheme has directors elected by the members of the scheme.

DONATIONS

During the year the Company and its subsidiaries made charitable donations of £734,000 in the UK and £219,000 overseas.

In the UK, financial support was directed to a wide range of organisations including Education 2000, The Prince's Youth Business Trust, Business in the Community and a broad cross-section of projects in the fields of health and community welfare.

The Company contributed an additional £315,000 in the UK by way of secondment of 16 members of staff to organisations concerned with social issues, education and employment.

AUDITORS

The Company's auditors Deloitte Haskins & Sells will be merging their practice with Coopers & Lybrand on 29 April 1990. In the meantime they have adopted Coopers & Lybrand Deloitte as their business name and will so sign their audit report. A resolution proposing the re-appointment of Coopers & Lybrand Deloitte as auditors to the Company will be put to the Annual General Meeting.

SHAREHOLDERS

The number of registered shareholders at 31 December 1989 was 60,662 (57,081). As far as the directors were aware, at 6 April 1990 no person had a shareholding of 5 per cent or more of the share capital of the Company.

An analysis of shareholdings in the Company at 31 December is given below:

	1989 %	1988 %
Banks and other nominee companies	**54.0**	52.1
Insurance companies	**16.2**	16.4
Pension funds	**11.0**	12.6
Investment trusts and unit trusts	**0.6**	0.6
Other corporations	**4.0**	4.2
Individuals	**14.2**	14.1
	100.0	100.0

CLOSE COMPANY PROVISIONS

The close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the Company.

By order of the board of directors

P R Rawson
Secretary

20 April 1990

NOTICE OF MEETING

Prudential Corporation Public Limited Company. Incorporated in England Regd No 1397169.

Notice is hereby given that the Annual General Meeting of the Company will be held at the Plaisterers Hall, 1 London Wall, London EC2Y 5JU on Wednesday 30 May 1990 at 11.30 am for the following purposes:

ORDINARY BUSINESS

1. To receive and consider the Directors' Report and the Accounts for the year ended 31 December 1989.
2. To re-elect as directors, Mr M D Abrahams, Mr R E Artus, Lord Butterfield, Sir Victor Garland, Sir Trevor Holdsworth and Mr J A S Neave and to elect as a director Mr H R Jenkins.
3. To appoint auditors.

To transact any other business proper to be transacted at the said meeting not being special business.

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions set out in the separate notice sent herewith:

1. Ordinary resolution
   To approve amendments to the Rules of the Prudential Savings-Related Share Option Scheme and the Prudential Executive Share Option Scheme.
2. Special resolution
   To amend the Company's Articles of Association.

In connection with the re-election of directors special notice has been given to the Company, pursuant to the Companies Act 1985, that separate resolutions will be moved proposing the re-election of Lord Butterfield and Mr J A S Neave who retire by rotation and who will both be aged 70 at the date of the meeting.

By order of the board of directors

P R Rawson
Secretary
1 Stephen Street London W1P 2AP
3 May 1990

Members' attention is drawn to the form of proxy accompanying this notice. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and, on a poll, vote instead of him; a proxy need not be a member of the Company.

The register of directors' interests kept under the Companies Act 1985 will be available for inspection at the meeting. Copies of the service contracts of executive directors (which are not expiring or determinable without compensation within one year) will be available for inspection at the transfer office of the Company, 1 Stephen Street, London W1P 2AP, during business hours on any weekday (excluding Saturdays and bank holidays) from the date of this notice until the date of the meeting and will be available for inspection at the Plaisterers Hall for 30 minutes prior to, and at, the meeting.

FINANCIAL CALENDAR

Payment of 1989 final dividend	30 May 1990
Annual General Meeting	30 May 1990
Announcement of 1990 interim results	12 September 1990
Payment of 1990 interim dividend	29 November 1990
Announcement of 1990 full year results	26 March 1991

ACTUARIAL REPORT

Reports by the appointed actuaries of those insurance subsidiaries transacting long-term business which are required to comply with UK legislation show, in each case, that at 31 December 1989:

(i) proper records have been kept adequate for the purpose of the valuation of the liabilities of such long-term business;

(ii) the mathematical reserves constitute proper provision for the liabilities arising under or in connection with contracts for long-term business including any increase in those liabilities arising from a distribution of surplus as a result of an investigation into the financial condition of the long-term business;

(iii) for the purpose of sub-paragraph (ii) above the liabilities have been assessed in accordance with Part VI of The Insurance Companies Regulations 1981 (as amended), in the context of assets valued in accordance with Part V of those Regulations; and

(iv) the solvency margin is in excess of the minimum statutory solvency margin.

Reports by the actuaries of other insurance subsidiaries transacting long-term business show in each case that at 31 December 1989 the aggegate amount of the liabilities under long-term business contracts did not exceed the value of the assets identified as representing such business.

The surpluses for distribution from long-term business were not materially affected by alterations in actuarial valuation bases.

H J Jarvis
Group Chief Actuary

20 April 1990

REPORT OF THE AUDITORS

to the members of Prudential Corporation plc

We have audited the accounts on pages 27 to 42 in accordance with Auditing Standards.

In our opinion, the balance sheet of the Company gives a true and fair view of the state of the Company's affairs at 31 December 1989 and has been properly prepared in accordance with the Companies Act 1985, and the consolidated accounts have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to insurance companies.

Coopers & Lybrand Deloitte
Chartered Accountants

London

20 April 1990

CONSOLIDATED PROFIT AND LOSS ACCOUNT

year ended 31 December 1989

	Note	1989 £m	1988 £m
PROFIT/(LOSS) BEFORE TAX FROM			
Long-term business	1	**358.9**	200.4
General insurance	2	**(8.6)**	87.4
Shareholders other income	3	**35.2**	64.8
TOTAL PROFIT BEFORE TAX		**385.5**	352.6
Tax	8	**(110.2)**	(107.9)
Minority interests		**(0.4)**	(0.2)
PROFIT ATTRIBUTABLE TO SHAREHOLDERS		**274.9**	244.5
TRANSFER TO REVALUATION RESERVE	6	**(28.5)**	(13.0)
DIVIDENDS		**(170.0)**	(147.5)
TRANSFER TO RETAINED PROFIT	6	**76.4**	84.0

EARNINGS PER SHARE Based on earnings of £274.9m (£244.5m) and 1846.6m (1833.3m) shares	**14.9p**	13.3p

Averaged unrealised investment gains of general insurance and shareholders funds are now included in profit before tax. Previously these gains were transferred to revaluation reserve before arriving at profit before tax. Earnings per share have been calculated on this revised basis and comparative figures have been restated accordingly.

CONSOLIDATED BALANCE SHEET

31 December 1989

	Note	1989 £m	1988 £m
INVESTMENTS			
Ordinary shares		**16,195.6**	11,928.8
Properties		**6,022.6**	5,155.6
British Government securities		**2,345.2**	2,916.6
Other fixed income securities		**9,305.7**	6,599.2
Mortgages and loans		**1,676.4**	1,423.7
Short-term deposits		**1,761.3**	1,385.2
		37,306.8	29,409.1
OTHER ASSETS			
Fixed assets		**132.8**	89.9
Tax recoverable		**118.3**	88.1
Debtors		**1,395.1**	1,234.2
Bank balances and cash		**153.9**	16.3
		1,800.1	1,428.5
TOTAL ASSETS		**39,106.9**	30,837.6
Less LIABILITIES AND PROVISIONS			
Outstanding claims		**673.5**	515.8
Bank loans and overdrafts	10	**238.8**	276.3
Other borrowings	10	**587.2**	550.5
Tax		**62.9**	48.0
Deferred tax	8	**3.3**	11.3
Final dividend		**112.9**	97.9
Other creditors		**756.2**	764.9
		2,434.8	2,264.7
TOTAL ASSETS LESS LIABILITIES		**36,672.1**	28,572.9
Less INSURANCE FUNDS AND RESERVES			
Long-term business		**34,823.2**	27,087.4
General insurance	11	**1,034.0**	874.9
		35,857.2	27,962.3
		814.9	610.6
Less MINORITY INTERESTS		**1.3**	2.3
		813.6	608.3
SHAREHOLDERS CAPITAL AND RESERVES			
Share capital	7	**92.6**	92.0
Share premium	7	**52.0**	36.3
Reserves	6	**669.0**	480.0
		813.6	608.3

BALANCE SHEET OF THE COMPANY

31 December 1989

	Note	1989 £m	1988 £m
FIXED ASSETS			
TANGIBLE ASSETS	16	**0.3**	7.7
INVESTMENTS			
Shares in group companies	17	**271.2**	153.2
Loans to group companies	17	**534.6**	489.6
		806.1	650.5
CURRENT ASSETS			
DEBTORS			
Deferred tax		**–**	2.5
Tax recoverable		**–**	11.5
Amounts owed by group companies		**190.8**	239.0
Other debtors		**0.8**	2.4
CASH AT BANK AND IN HAND		**–**	21.7
		191.6	277.1
Less CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Bank loans and overdrafts	10	**41.8**	–
Tax		**5.0**	–
Deferred tax	8	**5.1**	–
Amounts owed to group companies		**48.9**	29.7
Final dividend		**112.9**	97.9
Other creditors		**1.2**	15.4
		214.9	143.0
NET CURRENT (LIABILITIES)/ASSETS		**(23.3)**	134.1
TOTAL ASSETS LESS CURRENT LIABILITIES		**782.8**	784.6
Less CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Amounts owed to group companies		**363.9**	324.4
Other borrowings	10	**47.0**	100.0
		371.9	360.2
CAPITAL AND RESERVES			
Share capital	7	**92.6**	92.0
Share premium	7	**52.0**	36.3
Capital reserve	6	**129.0**	137.4
Profit and loss account	6	**98.3**	94.5
		371.9	360.2

The accounts on pages 27 to 42 were approved by the board of directors on 20 April 1990

The Lord Hunt of Tanworth, Chairman   Sir Brian Corby, Director

SHAREHOLDERS SOURCE AND APPLICATION OF FUNDS

year ended 31 December 1989

	1989 £m	1988 £m
MOVEMENTS IN SHAREHOLDERS CAPITAL AND RESERVES		
Profit attributable to shareholders	**274.9**	244.5
Current year investment gains	**187.1**	55.6
Averaged gains transfers	**(61.8)**	(39.2)
Other reserve movements	**(26.7)**	27.9
Issues of shares	**16.3**	15.6
Dividends†	**(170.0)**	(147.5)
Goodwill written off	**(14.5)**	(54.9)
	205.3	102.0
MOVEMENTS IN NET ASSETS		
INVESTMENTS		
Net cash invested	**(68.2)**	13.2
Realised and unrealised investment gains: insurance companies	**163.5**	54.3
non-insurance companies	**46.1**	14.3
Exchange translation and other movements	**64.2**	24.8
	205.6	106.6
GENERAL INSURANCE FUND AND PROVISIONS		
General insurance fund	**(159.1)**	(49.3)
Outstanding claims	**(132.4)**	(49.0)
	(291.5)	(98.3)
OTHER ASSETS/LIABILITIES		
Fixed assets	**26.0**	33.1
Debtors	**134.4**	64.9
Net tax recoverable	**18.8**	9.8
Other borrowings	**14.0**	(83.4)
Other creditors	**41.2**	(22.5)
Minority interests	**1.0**	(1.5)
	235.4	0.4
NET LIQUID FUNDS		
Bank balances and cash	**52.5**	(5.1)
Bank loans and overdrafts	**3.3**	98.4
	55.8	93.3
	205.3	102.0
SHAREHOLDERS CAPITAL AND RESERVES		
Shareholders capital and reserves at beginning of year	**608.3**	506.3
Movement for year (see above)	**205.3**	102.0
Shareholders capital and reserves at end of year	**813.6**	608.3

† Dividends paid in the year totalled £155.0m (£132.0m). The figure shown in the statement is the amount provided in the accounts for the current year's dividend.

ACCOUNTING POLICIES

(A) DISCLOSURE REQUIREMENTS

The consolidated accounts are prepared in accordance with the provisions of section 259 of, and Schedule 9 to, the Companies Act 1985 which cover the disclosures applicable to insurance companies. The balance sheet of the Company is prepared in accordance with the provisions of Schedule 4, which apply to companies generally. The Company has taken advantage of the exemption under section 228 of the Companies Act 1985 from presenting its own profit and loss account.

(B) BASIS OF CONSOLIDATION

The Group accounts incorporate the assets, liabilities and results of the Company and all its significant subsidiaries.

The results of subsidiaries acquired or disposed of are normally brought into the accounts from the date of acquisition or up to the date of disposal.

(C) LONG-TERM BUSINESS

Premiums and annuity considerations are accounted for when due, except for unit-linked policies where premiums are accounted for when the liabilities arising from those premiums are created.

Maturity claims are accounted for on the policy maturity date. Annuities are accounted for when the annuity becomes due for payment. Surrenders are accounted for when paid. Death claims and all other claims are accounted for when notified.

Long-term profits are allocated from surpluses determined as the result of annual actuarial valuations. For non-linked business, the amount of surplus allocated to shareholders is determined by the directors of the companies concerned in accordance with the Articles of Association. For linked and long-term accident and disability business the whole of the surplus arising is allocated to shareholders.

The transfer of shareholders profit from the long-term business revenue account to the profit and loss account is grossed up by the attributable tax.

(D) GENERAL INSURANCE

(i) Underwriting results

The underwriting results of general insurance are determined on an annual basis, except that:

- Fire and accident proportional reinsurance business is dealt with mainly on a deferred annual basis.
- Marine and aviation business and accident non-proportional reinsurance business are dealt with mainly on a three year funded basis.
- Fire non-proportional reinsurance business is dealt with on a funded basis, profits being recognised after one to three years.

For business dealt with on an annual basis, premiums written are accounted for in the year in which the risks are assumed. The unearned proportion of the premiums and acquisition costs incurred in writing business relating to periods of risk beyond the financial year end are deferred to subsequent accounting periods. Claims comprise paid and outstanding claims arising from events occurring in the year and adjustments to prior years' claims provisions.

For all funded business and business dealt with on a deferred annual basis, premiums and claims are recorded in the accounting period in which they are notified.

(ii) Insurance provisions

For business dealt with on an annual basis, unearned premiums are calculated mainly on a proportional basis having regard to the premiums in force each month. The proportion of commission and other acquisition expenses relating to unearned premiums is carried forward as deferred acquisition expenses. For business dealt with on a deferred annual basis, unearned premiums are calculated on the basis of individual contract terms.

Outstanding claims comprise provisions for all claims incurred up to but not paid at the financial year end whether reported or not.

For all funded business, premiums less claims paid and expenses relating to the open years of account are carried forward and increased if necessary so that the funds for each year are sufficient to meet the estimated costs of all outstanding liabilities, including claims incurred but not reported and the claims expected on unexpired risks.

Provisions are made as necessary for estimated future losses relating to unexpired risks at the financial year end and for underwriting losses expected to arise on open years' accounts for deferred annual and funded business.

Certain liabilities are discounted to take account of the estimated periods over which premiums are received and claims paid.

(E) OTHER INCOME

Estate agency income earned on property sales is recognised on the date of exchange of contracts. Initial charges on the sale of unit trusts are credited to income on the associated contract date. Other investment management fee income is recognised on an accruals basis.

(F) TAX

Tax is charged on all profits and income earned to date less reliefs. Provision under the liability method is made for deferred tax arising from timing differences other than those considered likely to continue into the foreseeable future. Deferred tax has not been provided on earnings retained overseas and no provision is made for tax which would become payable if investments were realised at the values shown.

(G) INVESTMENTS

(i) Investment income

Investment income is shown after deducting interest payable and directly related investment expenses. Income arising on assets matching general insurance technical reserves is credited to the general insurance revenue account.

(ii) Investment valuations

Listed investments are shown at market value. Properties are shown at open market value as valued by the Group's qualified surveyors or by professional external valuers. Unlisted investments and long-term mortgages and loans are shown at directors' valuation. Short-term loans are shown at par. Shares in subsidiaries are shown at cost.

(iii) Investment gains – Long-term business funds

For non-linked business, realised gains and losses and tax thereon are carried to investment reserve. Unrealised gains and losses are carried to revaluation reserve. Transfers are made from time to time between investment reserve and the long-term business revenue account or insurance fund. In the life business funds of certain subsidiaries transfers are made from revaluation reserve to the revenue account. The amount of any transfer is determined by the directors of the companies concerned.

For linked business, investment gains and losses are dealt with in the revenue account.

– General insurance and shareholders funds

Insurance company realised and unrealised gains and losses are taken to deferred realised gains reserve and to revaluation reserve respectively. These gains and losses are then averaged over five years and transferred from these reserves to investment return within the profit and loss account. The unrealised element is subsequently transferred back to revaluation reserve.

Non-insurance company realised gains and losses are included in shareholders other income. Unrealised gains and losses are taken to revaluation reserve.

(H) EXCHANGE RATES

Foreign currency revenue transactions, assets and liabilities are translated at rates of exchange ruling at the end of the year, except for certain revenue transactions which are translated at rates of exchange ruling at the dates of the respective transactions. Exchange gains and losses are dealt with mainly in long-term investment reserves and retained profit.

(I) GOODWILL

Goodwill is written off against Group reserves in the year of acquisition.

(J) FIXED ASSETS AND DEPRECIATION

Major items of capital expenditure on computer equipment, vehicles, furniture and office equipment are capitalised and depreciated by equal annual instalments over their estimated useful lives.

(K) LEASED ASSETS

Assets held under finance leases are capitalised at their fair market value. Commitments under these leases are included within other creditors.

(L) PENSION COSTS

The charge to revenue in respect of employers' contributions to defined benefit schemes is calculated on a basis which spreads the pension costs over the service lives of scheme members. Contributions in respect of defined contribution schemes are charged to revenue when incurred.

NOTES ON THE ACCOUNTS

1 LONG-TERM BUSINESS REVENUE ACCOUNT	Note	1989 £m	1988 £m
Gross premium income		**4,791.2**	3,797.3
Less reinsurance		**70.0**	79.3
Net premium income		**4,721.2**	3,718.0
Investment income	4	**2,063.2**	1,643.9
Transfer from investment and revaluation reserves		**1,528.6**	714.4
Increase in value of investments related to linked business		**538.2**	252.3
		8,851.2	6,328.6
Gross claims and surrenders		**2,717.1**	2,342.3
Less reinsurance		**38.5**	61.4
Net claims and surrenders		**2,678.6**	2,280.9
Commission		**399.6**	337.7
Expenses		**633.3**	499.6
Tax	8	**161.2**	79.6
Increase in insurance liability		**3,232.0**	1,875.1
		7,104.7	5,072.9
Surplus for distribution		**1,746.5**	1,255.7
Policyholders bonuses		**1,499.4**	1,120.3
Shareholders profit after tax		**247.1**	135.4
Shareholders tax	8	**111.8**	65.0
Transfer to consolidated profit and loss account		**358.9**	200.4

2 GENERAL INSURANCE REVENUE ACCOUNT	Note	1989 £m	1988 £m
Gross premiums written		**1,155.0**	995.6
Less reinsurance		**117.9**	95.9
Net premiums written		**1,037.1**	899.7
Less increase in insurance liability		**115.3**	53.8
		921.8	845.9
Gross claims		**836.9**	622.2
Less reinsurance		**157.4**	87.9
Net claims		**679.5**	534.3
Commission		**183.2**	156.3
Expenses		**216.3**	187.7
Deferred acquisition expenses		**(6.9)**	(4.8)
		1,072.1	873.5
Underwriting result		**(150.3)**	(27.6)
Investment return	4	**141.7**	115.0
Transfer (from)/to consolidated profit and loss account		**(8.6)**	87.4

3 SHAREHOLDERS OTHER INCOME	Note	1989 £m	1988 £m
Investment return	4	**135.1**	95.7
Corporate expenditure		**(24.7)**	(12.6)
Interest on borrowings	9	**(44.0)**	(39.6)
		66.4	43.5
Trading results from:			
Investment management (UK)		**16.0**	8.0
Unit trusts and PEPs (UK)		**1.7**	(3.9)
Estate agency		**(48.9)**	17.2
Transfer to consolidated profit and loss account		**35.2**	64.8

4 INVESTMENT RETURN

LONG-TERM BUSINESS	Note	1989 £m	1988 £m
Investment income		**2,143.2**	1,725.1
Less investment expenses		**80.0**	81.2
	1	**2,063.2**	1,643.9
Current year investment gains: realised		**633.7**	627.0
unrealised		**3,024.8**	939.6
		5,721.7	3,210.5

		General insurance		Shareholders	
GENERAL INSURANCE AND SHAREHOLDERS		1989 £m	1988 £m	1989 £m	1988 £m
Investment income		**121.0**	97.7	**78.4**	58.2
Less investment expenses		**2.6**	1.4	**1.7**	1.9
		118.4	96.3	**76.7**	56.3
Averaged investment gains of insurance companies: realised		**21.1**	17.1	**26.3**	21.8
unrealised		**2.2**	1.6	**26.3**	11.4
Current year realised investment gains of non-insurance companies				**5.8**	6.2
	2/3	**141.7**	115.0	**135.1**	95.7

5 BALANCE SHEETS

		Long-term business		General insurance and shareholders	
	Note	1989 £m	1988 £m	1989 £m	1988 £m
INVESTMENTS					
Ordinary shares		**15,414.0**	11,320.7	**781.6**	608.1
Properties		**5,982.3**	5,097.3	**40.3**	58.3
British Government securities		**2,144.9**	2,719.8	**200.3**	196.8
Other fixed income securities		**8,376.7**	5,891.5	**929.0**	707.7
Mortgages and loans		**1,604.5**	1,369.5	**71.9**	54.2
Short-term deposits		**1,519.7**	951.2	**241.6**	434.0
		35,042.1	27,350.0	**2,264.7**	2,059.1
OTHER ASSETS					
Fixed assets		**28.3**	11.4	**104.5**	78.5
Tax recoverable		**105.8**	87.4	**12.5**	5.3
Debtors		**954.3**	844.8	**716.5**	582.1
Bank balances and cash		**93.6**	8.5	**60.3**	7.8
		1,182.0	952.1	**893.8**	673.7
TOTAL ASSETS		**36,224.1**	28,302.1	**3,158.5**	2,732.8
Less LIABILITIES AND PROVISIONS					
Outstanding claims		**141.2**	115.9	**532.3**	399.9
Bank loans and overdrafts	10	**230.3**	264.5	**8.5**	11.8
Other borrowings	10	**181.1**	130.4	**406.1**	420.1
Tax		**53.7**	47.0	**9.2**	5.7
Deferred tax	8	**29.6**	22.5	**(26.3)**	(11.2)
Final dividend				**112.9**	97.9
Other creditors		**765.0**	634.4	**266.9**	323.1
		1,400.9	1,214.7	**1,309.6**	1,247.3
TOTAL ASSETS LESS LIABILITIES		**34,823.2**	27,087.4	**1,848.9**	1,485.5
Less GENERAL INSURANCE FUND	11			**1,034.0**	874.9
MINORITY INTERESTS				**1.3**	2.3
		34,823.2	27,087.4	**813.6**	608.3
LONG-TERM BUSINESS FUNDS AND RESERVES					
Insurance funds		**25,097.9**	19,318.0		
Investment and revaluation reserves		**9,725.3**	7,769.4		
SHAREHOLDERS CAPITAL AND RESERVES				**813.6**	608.3
		34,823.2	27,087.4	**813.6**	608.3

6 ANALYSIS OF RESERVES

GROUP	Revaluation reserve £m	Deferred realised gains reserve £m	Retained profit £m	Total £m
Balance at beginning of year	**194.8**	**61.5**	**223.7**	**480.0**
Profit for the year			**76.4**	**76.4**
Current year investment gains				
Insurance companies: unrealised and realised	**91.1**	**72.4**		**163.5**
Non-insurance companies: unrealised	**40.3**			**40.3**
Tax on realised gains		**(16.7)**		**(16.7)**
Averaged gains transfers				
Transfer to general insurance revenue account	**(2.2)**	**(21.1)**		**(23.3)**
Transfer to shareholders other income	**(26.3)**	**(26.3)**		**(52.6)**
Tax on transfer of realised gains		**14.1**		**14.1**
Transfer from profit and loss account	**28.5**			**28.5**
Goodwill written off	**(14.5)**			**(14.5)**
Other movements (including exchange adjustments)			**(26.7)**	**(26.7)**
Balance at end of year	**311.7**	**83.9**	**273.4**	**669.0**

Included in other movements is £26.2m (£6.5m) which has been charged in respect of asbestos related, environmental and other claims arising on business written in previous years.

COMPANY	Capital reserve £m	Profit and loss account £m
Balance at beginning of year	**137.4**	**94.5**
Amount owed by subsidiary company written off	**(8.4)**	
Profit for the year		**184.1**
Dividends		**(170.0)**
Exchange adjustments		**(10.3)**
Balance at end of year	**129.0**	**98.3**

The amount owed by subsidiary company written off represents goodwill arising in the current year on purchases of estate agency businesses by the subsidiary which have been financed by the Company.

7 SHARE CAPITAL AND SHARE PREMIUM

Authorised share capital is £120,000,000 in 2,400,000,000 shares of 5p each.

Issued shares of 5p each fully paid	Number of shares	Share capital £m	Share premium £m
Balance at beginning of year	**1,840,467,559**	**92.0**	**36.3**
Shares issued to acquire estate agency businesses	**5,209,980**	**0.3**	**8.3**
Shares issued under share option schemes	**4,313,937**	**0.2**	**5.0**
Shares issued in lieu of dividends	**1,326,534**	**0.1**	**2.4**
Balance at end of year	**1,851,318,010**	**92.6**	**52.0**

Options outstanding under Savings Related and Executive Share Option Schemes at 31 December 1989

Option period ending	Number of shares	Option price pence per share
1990	**4,719,205**	**71.9**
1991	**343,140**	**80.3**
1992	**2,027,430**	**105.0**
1993	**1,069,655**	**160.9**
1994	**1,503,795**	**157.2**
1995	**2,831,210**	**128.2-149.0**
1996	**5,237,643**	**167.0-177.1**
1997	**4,598,500**	**175.2-199.0**
1998	**3,111,800**	**150.0-166.4**
1999	**5,970,400**	**190.0-200.5**

8 TAX

(i) Tax charged in the profit and loss account and in the long-term business revenue account
The table below gives details of the tax charged on all profits and income earned to date included in the consolidated profit and loss account on page 28 and in the long-term business revenue account (see note 1 on page 34).

	Long-term business		General insurance and shareholders	
	1989 £m	1988 £m	1989 £m	1988 £m
Corporation tax at 35%	**32.8**	7.9	**(27.1)**	29.0
Double tax relief	**(2.4)**	(0.5)	**(7.4)**	(9.3)
	30.4	7.4	**(34.5)**	19.7
Tax on transfer of averaged realised gains (see note 6)			**14.1**	12.7
Tax on franked investment income	**55.8**	58.8	**6.0**	4.0
Overseas tax	**48.8**	27.8	**17.6**	16.0
	135.0	94.0	**3.2**	52.4
Adjustments re prior years	**21.0**	(13.4)	**1.0**	(2.7)
	156.0	80.6	**4.2**	49.7
Deferred tax				
Current year	**5.7**	2.6	**(8.0)**	(9.7)
Prior years	**(0.5)**	(3.6)	**2.2**	2.9
	161.2	79.6	**(1.6)**	42.9
Shareholders attributable tax	**(111.8)**	(65.0)	**111.8**	65.0
	49.4	14.6	**110.2**	107.9

(ii) Tax charged against reserves
Tax charged in the year against reserves amounts to £46.9m (£37.4m), as follows:

	Share premium		Revaluation reserve		Other reserves	
	1989 £m	1988 £m	1989 £m	1988 £m	1989 £m	1988 £m
Current tax	**–**	(0.9)	**–**	2.4	**54.3**	35.7
Deferred tax	**–**	–	**1.5**	–	**(8.9)**	0.2
	–	(0.9)	**1.5**	2.4	**45.4**	35.9

(iii) Deferred tax in the balance sheets
Deferred tax in the balance sheet of the Company relates to short-term timing differences. Deferred tax in the consolidated balance sheet relates to:

	Potential liability 1989 £m	Amount provided 1989 £m	Potential liability 1988 £m	Amount provided 1988 £m
Short-term timing differences	**34.3**	**33.3**	37.6	33.8
Capital allowances	**19.5**	**(4.7)**	11.7	(4.0)
General insurance business fund	**(31.4)**	**(25.3)**	(26.6)	(18.5)
	22.4	**3.3**	22.7	11.3

The maximum tax payable if investments were disposed of at the values shown, based on a corporation tax rate of 35% (35%) and a reduced rate applicable to life policyholders' chargeable gains of 25% (30%), is £1,767m (£1,090m). No provision has been made in the accounts for these amounts.

9 INTEREST ON BORROWINGS

	Long-term business		General insurance and shareholders	
	1989 £m	1988 £m	1989 £m	1988 £m
Interest on borrowings repayable within 5 years	**53.6**	42.8	**2.0**	1.0
Interest on other borrowings	**–**	–	**42.6**	39.4
	53.6	42.8	**44.6**	40.4
Charged to:				
Long-term business revenue account	**53.6**	42.8		
General insurance revenue account			**0.6**	0.8
Shareholders other income			**44.0**	39.6
	53.6	42.8	**44.6**	40.4

Interest charged to the long-term business revenue account and to the general insurance revenue account is deducted from investment income.

10 BORROWINGS

	Company		Long-term business		General insurance and shareholders	
	1989 £m	1988 £m	1989 £m	1988 £m	1989 £m	1988 £m
Bank loans and overdrafts (repayable on demand)	**41.8**	–	**230.3**	264.5	**8.5**	11.8
Secured loans:						
Canadian dollar borrowings at interest rates between 10% and 12%	**–**	–	**14.4**	7.6	**–**	–
Australian dollar borrowings at interest rates between 13.5% and 18.6%	**–**	–	**137.3**	78.3	**–**	–
US dollar mortgage 1989–1991 at 8%	**–**	–	**1.5**	12.7	**–**	–
Other	**–**	–	**–**	–	**1.4**	1.3
Unsecured loans:						
SF200m 4.75% Guaranteed Bonds 1988–1998	**–**	–	**–**	–	**87.4**	77.9
DM300m 6% Guaranteed Notes 1987–1997	**–**	–	**–**	–	**110.0**	92.6
£150m 9.375% Guaranteed Bonds 2007	**–**	–	**–**	–	**150.0**	150.0
£100m Floating Rate Notes 1995	**47.0**	100.0	**–**	–	**57.0**	98.0
Other	**–**	–	**27.9**	31.8	**0.3**	0.3
Total other borrowings	**47.0**	100.0	**181.1**	130.4	**406.1**	420.1
Total borrowings	**88.8**	100.0	**411.4**	394.9	**414.6**	431.9
Borrowings are repayable as follows:						
Within one year or on demand	**54.8**	–	**355.0**	352.7	**21.8**	12.1
Between one and two years	**–**	–	**44.3**	24.3	**–**	–
Between two and five years	**–**	–	**7.6**	17.2	**1.4**	1.3
After five years	**34.0**	100.0	**4.5**	0.7	**391.4**	418.5
	88.8	100.0	**411.4**	394.9	**414.6**	431.9

The Group has entered into a number of swap transactions in respect of the unsecured loans of the general insurance and shareholders funds. As a result of these transactions, the effective liabilities for all the unsecured loans are US$318.3m, DM300.0m and £97.0m. The weighted average rate of interest payable on these loans is 8.3%.
A right of set off for bank overdrafts exists between the Company and certain other companies within the Prudential Group.

11 GENERAL INSURANCE

The general insurance fund comprises the following:	1989 £m	1988 £m
Net unearned premiums	**347.5**	313.8
Marine and aviation fund	**76.8**	59.7
Reinsurance fund	**644.3**	522.0
London market and other funds	**34.6**	38.7
	1,103.2	934.2
Deferred acquisition expenses	**(69.2)**	(59.3)
	1,034.0	874.9

Outstanding claims comprise the following:		
Gross outstanding claims	**605.3**	445.4
Reinsurance recoverable	**(73.0)**	(45.5)
	532.3	399.9

Discounting has been applied to accident non-proportional reinsurance and discrete liability class direct business at the rate of 5% per annum. These liabilities have been discounted over their mean terms, of between two and seven years. The overall effect of discounting is to reduce the general insurance fund at 31 December 1989 by £79.8m (£70.4m) and to increase Group profit before tax by £5.1m (£nil).

12 SUBSIDIARY COMPANIES

Particulars of principal subsidiary companies, wholly owned unless otherwise stated, are as follows:

Name	Class of share held	Country of incorporation or registration and principal operation
Compagnie d'Assurance de l' Escaut SA*	Shares n.p.v.	Belgium
Jackson National Life Insurance Company*	Common Shares US$1.15	United States of America
The Mercantile and General Reinsurance Company plc	Shares £1	Scotland (operating principally in England)
Prudential Corporation Canada*	Common Shares C$1	Canada
The Prudential Assurance Company Limited	Shares 25p	England
Prudential Life of Ireland Limited*	Ordinary Shares IR£1 (95%)	Republic of Ireland
Prudential Pensions Limited*	Shares £1	England
Prudential Portfolio Managers Limited	Ordinary Shares £1	England
Prudential Holborn Limited*	Ordinary Shares £1	England
Prudential Property Services Limited	Ordinary Shares £1	England

*owned by a subsidiary of the Company.

The principal activity of these subsidiaries is insurance with the exception of Prudential Portfolio Managers Limited, an investment management company, Prudential Holborn Limited, a financial services company, and Prudential Property Services Limited, a company providing estate agency and other related services.

Other subsidiaries which do not materially affect the profit of the Group or the amount of its assets are not shown.

13 PRUDENTIAL PROPERTY SERVICES LIMITED

During the year Prudential Property Services Limited acquired 23 estate agency businesses. The total cost of acquisition amounted to £9.3m of which £6.4m is being met in cash and the balance of £2.9m by the issue of shares in the Company.

The consideration for certain acquisitions is being discharged in instalments. At 31 December 1989 £5.1m was outstanding, of which £3.9m will be met by further issues of shares in the Company. Of these figures, the amounts relating to 1989 acquisitions are £2.8m and £2.1m respectively.

14 COMMITMENTS

The Group is committed to capital expenditure not provided of £5.3m (£26.6m) and expenditure authorised but not contracted of £7.2m (£18.6m) in respect of purchases of estate agency businesses and fixed assets (other than investments).

15 AUDITORS REMUNERATION

The remuneration of the auditors of the Company and its subsidiaries excluding VAT amounted to £2,069,000 (£1,843,000).

16 TANGIBLE ASSETS OF THE COMPANY

	1989 £m
Cost	
Balance at beginning of year	**8.2**
Additions	**11.4**
Transfers to Group companies	**(19.3)**
Balance at end of year	**0.3**
Depreciation	
Balance at beginning of year	**0.5**
Provided during year	**0.5**
Transfers to Group companies	**(1.0)**
Balance at end of year	**–**
Net book value at end of year	**0.3**
Net book value at beginning of year	7.7

17 INVESTMENTS OF THE COMPANY

	Shares in Group companies 1989 £m	Loans to Group companies 1989 £m
Balance at beginning of year	**153.2**	**489.6**
Advances of new capital	**118.0**	**45.0**
Balance at end of year	**271.2**	**534.6**

18 EXCHANGE RATES

The principal rates of exchange used for translation are:

	Currency	Value of Sterling 1989	1988
Australia	A$	**2.04**	2.12
Belgium	BF	**57.40**	67.55
Canada	C$	**1.87**	2.15
Republic of Ireland	IR£	**1.04**	1.20
United States of America	US$	**1.61**	1.81

19 PENSION COSTS

The Group operates a number of pension schemes around the world. The major schemes are of the defined benefit type with scheme assets held in separate trustee administered funds.

The Group's main UK scheme, which covers 74% of scheme members in service within the Group, was valued as at 5 April 1987 by a qualified actuary who is an employee of the Group. The projected accrued benefits method was used and the principal actuarial assumptions adopted were as follows:

Investment return	9%
Pensionable earnings growth	8%
Dividend growth	3.5%

The market value of scheme assets at that date was £1,652m and the actuarial value of the assets was sufficient to cover 108% of the benefits that had accrued to members. As a result of the actuarial valuation, the employer's contribution was reduced from 19.5% to 16.0% of pensionable earnings with effect from 6 April 1988, thereby spreading the actuarial surplus over the average remaining service lives of current employees.

The total pension cost for the Group was £69.1m (£65.1m) of which £5.1m (£4.2m) related to overseas schemes.

20 DIRECTORS EMOLUMENTS

The aggregate amount of the emoluments of the directors of the Company for the year was £2,517,434 (£1,801,168), of which £301,102 (£286,993) was in respect of services as a director. Excluding pension contributions the emoluments of the Chairman amounted to £68,750 (£60,000) and those of the highest paid director amounted to £379,651 (£241,985). The emoluments of the other directors fell into the following bands:

Emoluments £ £	Number of directors 1989	1988
5,001 to 10,000	**3**	1
10,001 to 15,000	**5**	8
15,001 to 20,000	**3**	1
20,001 to 25,000	**1**	3
25,001 to 30,000	**–**	1
30,001 to 35,000	**2**	–
80,001 to 85,000	**–**	1
145,001 to 150,000	**–**	2
150,001 to 155,000	**–**	1
155,001 to 160,000	**–**	1
160,001 to 165,000	**–**	1
170,001 to 175,000	**1**	–
175,001 to 180,000	**–**	1
190,001 to 195,000	**3**	–
195,001 to 200,000	**1**	–
220,001 to 225,000	**1**	–
310,001 to 315,000	**1**	–

21 LOANS TO AND TRANSACTIONS WITH DIRECTORS

(i) LOANS	Liability at 31 Dec 1989 £	Max liability during 1989 £	Liability at 1 Jan 1989 £
HOUSE PURCHASE LOANS			
R E Artus	**–**	**29,170**	**29,170**
Sir Brian Corby	**–**	**25,000**	**25,000**
J A Freeman	**30,000**	**30,000**	**30,000**
J Lock	**30,000**	**50,000**	**50,000**
B Medhurst	**–**	**30,000**	**30,000**
M G Newmarch	**29,950**	**29,950**	**29,950**
F G Wood	**–**	**13,000**	**13,000**
LOANS ON POLICIES			
Sir Brian Corby	**–**	**7,938**	**7,025**

The house purchase loans are secured on the personal residences of the directors and repayment will be made from endowment policies. Interest on different portions of the loans ranges from 3.5% to 10.0%, the terms being no more favourable than those which were normally available to members of the staff when the loans were made. There is no interest due and unpaid at 31 December 1989 on any of the above loans.

During the year a subsidiary company entered into a contract whereby it was agreed that its interests in mortgage advances which had been made to employees and directors would be transferred to a building society. The terms of the transfer provide for interest on all loans to be paid at an agreed commercial rate of interest but employees and directors will continue to enjoy a beneficial rate of interest.

(ii) TRANSACTIONS

In 1987 the Company and Mr Newmarch jointly purchased a residence in London at a total price (excluding the expenses of purchase) of £772,500, of which Mr Newmarch contributed £225,000. The property is held by Prudential Leasing Services Limited (a wholly owned subsidiary of the Company) and Mr Newmarch under the terms of a Trust Deed which apportions the expenses of maintenance and the proceeds of sale of the premises in the same proportions in which the purchase price was shared.

No other contract of significance subsisted at any time during the year in which a director is or was, for Stock Exchange purposes, materially interested.

22 DIRECTORS SHAREHOLDINGS

	Interest in shares of 5p each of the Company		The Prudential Savings-Related Share Option Scheme		The Prudential Executive Share Option Scheme	
	31 Dec 1989	1 Jan 1989 (or appointment if later)	31 Dec 1989	1 Jan 1989 (or appointment if later)	31 Dec 1989	1 Jan 1989 (or appointment if later)
M D Abrahams	**12,000**	**12,000**				
R E Artus	**15,595**	**15,595**			**263,200**	**401,360**
Mrs M E Baker	**2,500**	**2,500**				
Lord Butterfield	**12,183**	**12,000**				
Sir Brian Corby	**7,420**	**12,420**	**3,520**	**3,520**	**143,000**	**487,205**
Sir Ronald Dearing	**2,500**	**2,500**				
J A Freeman	**6,534**	**6,359**	**11,699**	**6,670**	**272,000**	**379,885**
Sir Victor Garland	**2,500**	**2,500**				
Sir Trevor Holdsworth	**5,261**	**5,043**				
Lord Hunt of Tanworth	**13,250**	**13,250**				
Sir Alex Jarratt	**12,000**	**12,000**				
H R Jenkins	**2,500**	**2,500**				
M J Lawrence	**2,500**	**2,500**	**4,830**	**4,830**	**445,100**	**365,500**
J Lock	**2,500**	**2,500**	**10,485**	**10,485**	**303,700**	**394,085**
B Medhurst	**24,780**	**13,210**	**11,640**	**9,485**	**269,900**	**358,385**
P E Moody	**12,000**	**12,000**				
J A S Neave	**1,404,695**	**1,404,695**				
M G Newmarch	**3,183**	**3,052**	**13,015**	**10,860**	**367,600**	**479,885**
J E Ramsden	**14,400**	**14,400**				
C G Southgate	**25,000**	**25,000**				
F G Wood	**20,279**	**19,736**	**3,520**	**3,520**		

Notes

Except as stated above none of the directors held an interest either at the beginning of the year or at the date of their appointment, if later, or at the end of the year in any shares in or debentures of the Company or its subsidiaries.

All interests disclosed above are beneficial interests except for 2,042 shares held by Mr B Medhurst at 31 December 1989. There has been no change in directors shareholdings between 31 December 1989 and 6 April 1990.

FIVE YEAR REVIEW

	1989 £m	1988 £m	1987 £m	1986 £m	1985 £m
SUMMARY OF RESULTS					
Profit/(loss) before tax from					
Long-term business	**358.9**	200.4	153.9	145.5*	137.7*
General insurance	**(8.6)**	87.4	41.0	18.3	(53.4)
Shareholders other income	**35.2**	64.8	65.1	87.1	25.8
Total profit before tax	**385.5**	352.6	260.0	250.9	110.1
Tax	**(110.2)**	(107.9)	(67.7)	(71.3)	(31.7)
Minority interests	**(0.4)**	(0.2)	(0.2)	(1.1)	(1.0)
Profit attributable to shareholders	**274.9**	244.5	192.1	178.5	77.4
Transfer to revaluation reserve	**(28.5)**	(13.0)	(17.6)	(44.4)	not available
Dividends	**(170.0)**	(147.5)	(124.4)	(105.2)	(78.3)
Transfer to/(from) retained profit	**76.4**	84.0	50.1	28.9	(0.9)
SHARE STATISTICS					
Earnings per share	**14.9p**	13.3p	10.6p	10.5p	4.9p
Dividend per share	**9.2p**	8.0p	6.8p	5.8p	5.0p
Market price at 31 December	**236.5p**	152.5p	164.2p	141.6p	147.3p
INVESTMENTS AT MARKET VALUE					
Long-term business	**35,042.1**	27,350.0	23,528.2	22,741.1	17,808.5
General insurance and shareholders	**2,264.7**	2,059.1	1,952.5	1,974.7	1,395.6
Total investments	**37,306.8**	29,409.1	25,480.7	24,715.8	19,204.1
RESERVES					
Long-term business funds and reserves	**34,823.2**	27,087.4	23,032.2	22,476.4	17,437.1
General insurance fund	**1,034.0**	874.9	825.6	823.8	712.4
Shareholders capital and reserves	**813.6**	608.3	506.3	581.3	554.9

*Including non-recurrent amounts arising from special reversionary bonuses.

Except for 1985 prior year figures have been restated for material changes in accounting policy and presentation.

Where necessary, earnings per share, dividend per share and share price take account of the sub-division of the shares effected on 25 May 1988 and have been adjusted for the rights issue made during 1986.

	1989 £m	1988 £m	1987 £m	1986 £m	1985 £m
LONG-TERM BUSINESS					
ORDINARY LONG-TERM BUSINESS					
New business: annual premiums	**567.4**	431.7	294.5	253.7	229.5
single premiums	**2,343.2**	1,765.2	1,335.1	820.7	348.1
Gross premium income	**4,381.0**	3,385.7	2,672.6	2,049.8	1,439.0
Transfer from investment and revaluation reserves	**888.6**	497.4	452.2	339.0	317.8
Commission and expenses	**827.1**	661.2	497.8	377.8	323.2
Investment income	**1,773.5**	1,369.2	1,090.3	915.3	824.5
Policyholders bonuses	**1,035.8**	778.5	669.4	656.5*	595.9*
Shareholders profit before tax	**283.7**	160.3	119.4	110.9*	102.2*
INDUSTRIAL LIFE BUSINESS					
New business: annual premiums	**65.4**	66.0	81.9	78.3	78.5
single premiums	**21.7**	15.8	4.2	0.8	0.6
Gross premium income	**410.2**	411.6	392.7	373.4	355.3
Transfer from investment and revaluation reserves	**640.0**	217.0	227.0	198.0	200.8
Commission and expenses	**205.8**	176.1	166.4	158.4	147.8
Investment income	**289.7**	274.7	255.9	264.6	246.6
Policyholders bonuses	**463.6**	341.8	323.2	320.9*	332.4*
Shareholders profit before tax	**75.2**	40.1	34.5	34.6*	35.5*
GENERAL INSURANCE					
Gross premiums written	**1,155.0**	995.6	969.2	967.3	905.6
Underwriting result	**(150.3)**	(27.6)	(72.8)	(99.9)	(131.6)
Investment income	**118.4**	96.3	92.1	86.1	78.2
Averaged investment gains	**23.3**	18.7	21.7	32.1	not available
Profit/(loss) before tax	**(8.6)**	87.4	41.0	18.3	(53.4)
Current year investment gains: realised	**35.5**	10.9	27.2	24.6	7.5
unrealised	**3.5**	(5.1)	(28.4)	15.8	25.4
SHAREHOLDERS OTHER INCOME					
Investment income	**76.7**	56.3	62.3	61.5	27.5
Averaged investment gains of insurance companies	**52.6**	33.2	32.3	40.7	not available
Current year realised investment gains of non-insurance companies	**5.8**	6.2	7.7	3.3	1.5
Corporate expenditure	**(24.7)**	(12.6)	(16.9)	(9.9)	(3.8)
Interest on borrowings	**(44.0)**	(39.6)	(37.3)	(12.4)	(0.9)
Trading results from					
Investment management (UK)	**16.0**	8.0	6.4	1.4	0.9
Unit trusts and PEPs (UK)	**1.7**	(3.9)	6.1	4.6	0.7
Estate agency	**(48.9)**	17.2	4.5	(2.1)	(0.1)
Total income before tax	**35.2**	64.8	65.1	87.1	25.8
Current year investment gains of insurance companies: realised	**36.9**	23.2	30.3	27.2	13.8
unrealised	**87.6**	25.3	(51.7)	56.3	13.9

*Including non-recurrent amounts arising from special reversionary bonuses. The total effect of these on shareholders profit before tax is: 1986 £6.4m, 1985 £13.3m.

STATISTICAL ANALYSIS

LONG-TERM BUSINESS	New business: Annual premiums 1989 £m	Annual premiums 1988 £m	Single premiums 1989 £m	Single premiums 1988 £m	Gross premium income 1989 £m	Gross premium income 1988 £m	Profit before tax 1989 £m	Profit before tax 1988 £m
ANALYSIS BY TERRITORY								
United Kingdom								
Individual business								
Pensions	**138.8**	109.3	**270.2**	138.7	**619.8**	395.6	**48.2**	25.8
Endowment/annuity	**137.1**	139.6	**27.5**	29.5	**826.4**	808.0	**168.9**	92.6
Unit linked	**11.7**	11.0	**88.1**	92.9	**160.3**	163.1	**4.6**	3.8
Corporate pensions	**38.2**	27.8	**390.0**	237.9	**492.6**	330.3	**19.1**	12.1
Total United Kingdom	**325.8**	287.7	**775.8**	499.0	**2,099.1**	1,697.0	**240.8**	134.3
Australia	**55.4**	50.6	**200.3**	96.4	**372.9**	222.0	**15.3**	11.1
Canada	**17.9**	11.4	**190.8**	140.0	**319.5**	255.9	**8.3**	4.1
Republic of Ireland	**8.2**	6.0	**68.5**	30.4	**95.2**	50.2	**4.9**	3.1
USA	**83.9**	55.5	**1,028.5**	939.9	**1,310.7**	1,129.1	**32.9**	19.4
Other countries	**30.4**	20.7	**52.6**	14.7	**170.2**	97.7	**5.7**	3.4
Total International	**195.8**	144.2	**1,540.7**	1,221.4	**2,268.5**	1,754.9	**67.1**	41.1
Mercantile and General Reinsurance	**111.2**	65.8	**48.4**	60.6	**423.6**	345.4	**51.0**	25.0
Group Total	**632.8**	497.7	**2,364.9**	1,781.0	**4,791.2**	3,797.3	**358.9**	200.4
ANALYSIS BY TYPE OF BUSINESS								
Life and pensions	**532.3**	439.1	**1,945.3**	1,542.0	**4,055.0**	3,303.3	**331.4**	184.9
Unit linked	**20.2**	17.1	**419.3**	237.9	**521.7**	346.2	**13.1**	9.9
Permanent health	**80.3**	41.5	**0.3**	1.1	**214.5**	147.8	**14.4**	5.6
Group Total	**632.8**	497.7	**2,364.9**	1,781.0	**4,791.2**	3,797.3	**358.9**	200.4

Total net premium income amounted to £4,721.2m (£3,718.0m).

GENERAL INSURANCE	Gross premiums written 1989 £m	Gross premiums written 1988 £m	Underwriting result 1989 £m	Underwriting result 1988 £m	Investment return 1989 £m	Investment return 1988 £m	Profit before tax 1989 £m	Profit before tax 1988 £m
United Kingdom								
Home Service								
Domestic property	**174.1**	158.4	**5.3**	13.5	**11.5**	9.4	**16.8**	22.9
Motor	**70.3**	68.4	**(8.7)**	(0.1)	**8.1**	6.4	**(0.6)**	6.3
	244.4	226.8	**(3.4)**	13.4	**19.6**	15.8	**16.2**	29.2
Commercial and broker								
Commercial lines	**201.9**	164.3	**(14.7)**	(7.4)	**19.9**	18.4	**5.2**	11.0
Personal lines	**44.0**	37.3	**(0.3)**	(1.7)	**3.7**	2.8	**3.4**	1.1
	245.9	201.6	**(15.0)**	(9.1)	**23.6**	21.2	**8.6**	12.1
Total United Kingdom	**490.3**	428.4	**(18.4)**	4.3	**43.2**	37.0	**24.8**	41.3
Belgium	**68.6**	55.4	**(12.4)**	(5.9)	**9.0**	9.1	**(3.4)**	3.2
Canada	**159.4**	123.3	**(15.0)**	(8.5)	**14.6**	10.2	**(0.4)**	1.7
London market and other countries	**62.3**	59.4	**(8.0)**	(5.6)	**9.8**	7.2	**1.8**	1.6
Marine and aviation	**55.1**	46.2	**(8.5)**	1.1	**5.8**	4.9	**(2.7)**	6.0
Total International	**345.4**	284.3	**(43.9)**	(18.9)	**39.2**	31.4	**(4.7)**	12.5
Mercantile and General Reinsurance								
Parent company								
Fire and accident proportional	**102.9**	111.5	**(4.7)**	(2.2)	**15.1**	11.9	**10.4**	9.7
Fire and accident non-proportional	**47.3**	51.7	**(20.4)**	(4.9)	**22.8**	17.6	**2.4**	12.7
Marine and aviation	**41.5**	34.4	**(55.1)**	(5.0)	**6.0**	4.4	**(49.1)**	(0.6)
Overseas subsidiaries	**127.6**	85.3	**(7.8)**	(0.9)	**15.4**	12.7	**7.6**	11.8
Total Mercantile and General Reinsurance	**319.3**	282.9	**(88.0)**	(13.0)	**59.3**	46.6	**(28.7)**	33.6
Group Total	**1,155.0**	995.6	**(150.3)**	(27.6)	**141.7**	115.0	**(8.6)**	87.4

Total net premiums written amounted to £1,037.1m (£899.7m).

INVESTMENT MANAGEMENT	Long-term business 1989 £m	Long-term business 1988 £m	General insurance and shareholders 1989 £m	General insurance and shareholders 1988 £m	Other funds under management 1989 £m	Other funds under management 1988 £m	Total 1989 £m	Total 1988 £m
MARKET VALUES OF FUNDS UNDER MANAGEMENT								
Ordinary shares	**15,414.0**	11,320.7	**781.6**	608.1	**7,988.7**	5,185.5	**24,184.3**	17,114.3
Properties	**5,982.3**	5,097.3	**40.3**	58.3	**200.7**	156.7	**6,223.3**	5,312.3
British Government securities	**2,144.9**	2,719.8	**200.3**	196.8	**401.7**	710.2	**2,746.9**	3,626.8
Other fixed income securities	**8,376.7**	5,891.5	**929.0**	707.7	**277.3**	213.9	**9,583.0**	6,813.1
Mortgages and loans	**1,604.5**	1,369.5	**71.9**	54.2	**6.7**	4.0	**1,683.1**	1,427.7
Short-term deposits	**1,519.7**	951.2	**241.6**	434.0	**906.2**	597.8	**2,667.5**	1,983.0
	35,042.1	27,350.0	**2,264.7**	2,059.1	**9,781.3**	6,868.1	**47,088.1**	36,277.2
NET INVESTMENT IN YEAR – FUNDS ARISING IN THE UK								
Ordinary shares	**405.6**	(183.3)	**(27.0)**	(13.6)	**1253.7**	388.4	**1,632.3**	191.5
Properties	**(142.5)**	187.3	**(6.5)**	(2.9)	**3.7**	4.4	**(145.3)**	188.8
British Government securities	**(522.8)**	219.0	**1.0**	(78.1)	**(385.4)**	(112.0)	**(907.2)**	28.9
Other fixed income securities	**628.4**	337.0	**5.2**	(2.6)	**12.3**	(200.3)	**645.9**	134.1
Short-term deposits	**304.4**	(313.3)	**(132.0)**	23.4	**246.8**	317.1	**419.2**	27.2
	673.1	246.7	**(159.3)**	(73.8)	**1131.1**	397.6	**1,644.9**	570.5
NET INVESTMENT IN YEAR – FUNDS ARISING OVERSEAS								
Ordinary shares	**98.7**	95.5	**(0.2)**	10.6	**23.4**	(7.8)	**121.9**	98.3
Properties	**43.8**	(77.2)	**(0.8)**	11.1	**–**	–	**43.0**	(66.1)
Fixed income securities	**1,413.2**	1,431.2	**120.2**	20.0	**2.9**	(0.2)	**1,536.3**	1,451.0
Short-term deposits	**186.2**	196.8	**(28.1)**	45.3	**(1.4)**	(13.4)	**156.7**	228.7
	1,741.9	1,646.3	**91.1**	87.0	**24.9**	(21.4)	**1,857.9**	1,711.9

INVESTMENT MANAGEMENT (UK)	1989 £m	1988 £m
Net new monies		
Segregated pension funds	**1,286.2**	380.2
Unit trusts and PEPs	**(4.6)**	(43.1)
Other funds	**28.7**	1.0
	1,310.3	338.1

UNIT TRUSTS AND PEPs (UK)	1989 £m	1988 £m
Sales by field staff	**69.7**	36.7
Other sales	**194.5**	135.5
Total sales	**264.2**	172.2
Repurchases	**(268.8)**	(215.3)
Net investment	**(4.6)**	(43.1)

ESTATE AGENCY – FEE INCOME	1989 £m	1988 £m
Residential property sales and mortgage services	**62.1**	115.7
Commercial property sales and services	**11.0**	9.2
Other services	**22.6**	32.1
	95.7	157.0

GROUP MANAGEMENT

GROUP EXECUTIVE

Executive Directors

SIR BRIAN CORBY FIA
Group Chief Executive until 31 March 1990
Chairman, Mercantile and General Reinsurance

MICHAEL NEWMARCH
Group Chief Executive from 1 April 1990
Chairman, Prudential Assurance
Chairman, Prudential Holborn
Chairman, Prudential Corporate Pensions

RONALD ARTUS FSIA
Group Chief Investment Manager
Chairman, Prudential Portfolio Managers
Chairman, Prudential Property Services

ANTHONY FREEMAN FCA FCMA
Managing Director, UK Individual Division. Chairman, Prudential Mortgage Company

HUGH JENKINS FRICS FPMI
Chief Executive, Prudential Portfolio Managers

MICHAEL LAWRENCE FCA
Group Finance Director

JOHN LOCK FCII
Managing Director, Mercantile and General Reinsurance

BRIAN MEDHURST FIA
Managing Director, International Division

CENTRAL SERVICES

MICHAEL LAWRENCE FCA
Group Finance Director

MICHAEL COLE
Group Taxation Manager

JOHN HUGHES FCA
Group Financial Controller

DAVID WESTBY AIB FCT
Group Treasurer

HUGH JARVIS FIA
Group Chief Actuary

PETER CLARK FIA
DAVID LINNELL FIA FPMI
Group Deputy Actuaries

SHELLEY GREY LLB
Group Legal Adviser

ALAN BRAKEFIELD Solicitor
Group Property Legal Adviser

DONALD SIRKETT
General Manager, Group Strategic Planning

GEOFFREY KEEYS
General Manager, Personnel and Business Services

ANDREW JONES
Group Personnel Policy Manager

NICHOLAS ALLISTON
Director, Prudential Business Services

ERNEST MORRIS FBCS
Group General Manager, Management Services

PETER RAWSON FCCA
Group Secretary

UK INDIVIDUAL DIVISION

ANTHONY FREEMAN FCA FCMA
Managing Director

Home Service

KEITH BEDELL-PEARCE
Director and General Manager, Field Operations and Marketing

COLIN BLYTHE FCCA
Business Processing Director

ANDREW PINDER
Systems Strategy and Development Director

JOHN SAVAGE FIA FPMI
Finance Director

WILLIAM THURSTON
Personnel Director

THOMAS BOARDMAN FIA
Head of Life Administration

ANTHONY BURGESS
Assistant General Manager, Field Operations

TERENCE MORLEY
Assistant General Manager, Field Operations

RAOUL PINNELL DipM
National Marketing Manager

TIMOTHY RICHARDS FIA
Planning and Development Manager

WILLIAM SCOTT FIPM
Assistant General Manager, Field Staff Industrial Relations

TERENCE SHRIMPTON
National Sales Manager

ALAN SMITH FIA
National Operations Manager

MARK TRAYHORN FIA
Head of Personal Lines

LAURENCE WARRILOW FIA
Life Actuary

PETER WRIGHT FIA ACII
Valuation Actuary

Commercial and Broker General Insurance

JOHN POWELL ACIB
Managing Director

GORDON HART FCII
Business Development Director

ANDREW PYE FCII
Marketing Director

PHILLIP SMITH FCMA
Finance Director

DAVID WEST FBCS
Information Systems Director

Prudential Mortgage Company

ANTHONY FREEMAN FCA FCMA
Chairman

WILLIAM MILLS FCCA
Managing Director

RICHARD FIELD
Development Director

Management Services

COLIN BLYTHE FCCA
General Manager

DEREK NELSON FBCS
Assistant General Manager, Computer Operations

BARRY PAGE FCII FBCS
Assistant General Manager, Software Engineering

PRUDENTIAL HOLBORN

MICHAEL NEWMARCH
Chairman

ALAN WREN
Chief Executive

STEPHEN BESENT
Information Technology Director

JOHN BROWNE
Business Planning Director

DAVID CHEESEMAN FIA
Actuary

JUSTIN HARRINGTON FCA
Finance Director

DAVID HARRISON FCCA
Customer Administration Director

ANTHONY KEMPSTER FCII ACIS
Sales and Marketing Director

TREVOR PULLEN
Investment Director

PRUDENTIAL PROPERTY SERVICES

RONALD ARTUS FSIA
Chairman

MICHAEL DUDLEY FCA
Finance Director

ANTHONY EKINS FRICS
Residential Operations Director

ALAN SNOWBALL FRICS
Commercial and Professional Operations Director

PRUDENTIAL CORPORATE PENSIONS

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Chairman

PETER NOWELL FIA
Chief Executive

ROBERT BRIDGES FCII FPMI
Sales Director

RICHARD GAWTHORNE FCA
Finance Director

DAVID GREY MBCS
Systems Director

ROGER HUNT ACII FPMI
Marketing Director

MICHAEL SHELLEY FIA
Actuary

GILES WEAVER FCA
Investment Director

MERCANTILE AND GENERAL REINSURANCE

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Chairman

JOHN LOCK FCII
Managing Director

JOHN AUSTIN
MICHAEL HARVEY FCA
ROGER SANSOM FIA
General Managers

MICHAEL BROWN FIA ASA
Actuary and General Manager

RONALD EDLIN ACIS
COLIN FEWELL FCII
THOMAS MANLEY
LESLIE McKINNES ACII
Assistant General Managers

AUSTRALIA

STEPHEN FRANCE FAII
Managing Director (Mercantile and General Australia Group)

CANADA

DONALD BATTEN FIIC FIArb FAIC
President (Mercantile and General Reinsurance Company of Canada)

PETER PATTERSON FSA FCIA
President, North American Life Operations

SOUTH AFRICA

ANTHONY HART FFA AIA ASA
Managing Director (Mercantile and General Reinsurance Company of South Africa)

UNITED STATES

PAUL HAWKSWORTH
President (Mercantile and General Reinsurance Company of America)

PETER PATTERSON FSA FCIA
President (Mercantile and General Life Reassurance Company of America)

PRUDENTIAL PORTFOLIO MANAGERS

RONALD ARTUS FSIA
Chairman

HUGH JENKINS FRICS FPMI
Chief Executive

DEREK AUSTEN FCA
Finance Director

PAUL BROOKS
Venture Capital Director

CHRISTOPHER CHEETHAM
Global Strategy Director

MICHAEL DENHAM
Fixed Interest Director

RODNEY DENNIS
Equities Director

DAVID HANSON FIA
Administration Director

MICHAEL MALLINSON FRICS
Property Director

TREVOR PULLEN
International Director

GILES WEAVER FCA
Pensions Management Director

INTERNATIONAL DIVISION

BRIAN MEDHURST FIA
Managing Director

ROBIN BARRACLOUGH FCII
Property and Casualty Director

GRAHAM CLAY FIA
Director and Actuary

ADRIAN DALY FIA
Regional Director, Europe

ROBERT HEAD ACA ACII
Finance Director

AUSTRALIA

BARRIE MARTIN AAII
Managing Director

BELGIUM

ETIENNE DIERCXSENS
Managing Director (L'Escaut)

CANADA

JOHN ROWEN FIIC
President, Property and Casualty Operations

MICHAEL BECK FSA FCIA
President, Life and Pensions Operations

REPUBLIC OF IRELAND

FRANK MacHUGH
Managing Director (Prudential Life of Ireland)

UNITED STATES

DAVID PASANT
President and Chief Executive (Jackson National Life)

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