

Date: 15 March 2007

## PRUDENTIAL PLC

### 2006 Results

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**Schedule 1.1**

## **2006 Results**

### **EEV basis results**

#### **2006**

	<b>Schedule cross reference</b>	<b>Pre-tax £m</b>	<b>Tax (Schedule 7) £m</b>	<b>Post-tax £m</b>	<b>Minority interests £m</b>	<b>Post-tax and minority interests £m</b>	<b>Earnings per share (pence)</b>
<b>Basic earnings per share (note 1.1a)</b>							
On operating profit, based on longer-term investment returns, after related tax and minority interests	<b>3</b>	<b>1,976</b>	<b>(587)</b>	<b>1,389</b>	<b>1</b>	<b>1,390</b>	<b>57.6p</b>
Adjustment from post-tax longer-term investment returns to post-tax actual investment returns	<b>6</b>	<b>745</b>	<b>(214)</b>	<b>531</b>	<b>(2)</b>	<b>529</b>	<b>22.0p</b>
Adjustment for mark to market value movements on core borrowings (note 1.1b)	<b>6</b>	<b>85</b>	<b>-</b>	<b>85</b>	<b>-</b>	<b>85</b>	<b>3.5p</b>
Adjustment for post-tax effect of shareholders' share of actuarial gains and losses on defined benefit pension schemes	<b>6</b>	<b>207</b>	<b>(62)</b>	<b>145</b>	<b>-</b>	<b>145</b>	<b>6.0p</b>
Adjustment for post-tax effect of changes in economic assumptions and time value of cost of options and guarantees	<b>6</b>	<b>59</b>	<b>4</b>	<b>63</b>	<b>-</b>	<b>63</b>	<b>2.6p</b>
<hr/>							
On profit for the year after tax and minority interests		<b>3,072</b>	<b>(859)</b>	<b>2,213</b>	<b>(1)</b>	<b>2,212</b>	<b>91.7p</b>

#### **Notes**

- 1.1a The average number of shares for 2006 was 2,413m. The average number of shares reflects the average number in issue adjusted for shares held by employee trusts and consolidated unit trusts and OEICs which are treated as cancelled.
- 1.1b Core borrowings of the Group are marked to market value under EEV. As the liabilities are generally held to maturity or for the long-term, no deferred tax asset has been established on the increase (compared to IFRS) in carrying value. Accordingly, no deferred tax charge is recorded in the results against the full year 2006 credit.

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**Schedule 1.2**

## 2006 Results

### **EEV basis results**

#### **2005**

	Schedule cross reference	Pre-tax £m	Tax (Schedule 7) £m	Post-tax £m	Minority interests £m	Post-tax and minority interests £m	Earnings per share (pence)
<b>Basic earnings per share (note 1.2a)</b>							
<u>Continuing operations</u>							
On operating profit, based on longer-term investment returns, after related tax and minority interests	3	1,712	(363)	1,349	(10)	1,339	56.6p
Adjustment for goodwill impairment charge (note 1.2b)		(120)	-	(120)	-	(120)	(5.1)p
Adjustment from post-tax longer-term investment returns to post-tax actual investment returns	6	1,068	(343)	725	(2)	723	30.6p
Adjustment for mark to market value movements on core borrowings (note 1.2c)	6	(67)	-	(67)	-	(67)	(2.8)p
Adjustment for post-tax effect of shareholders' share of actuarial and other gains and losses on defined benefit pension schemes	6	(47)	14	(33)	-	(33)	(1.4)p
Adjustment for post-tax effect of changes in economic assumptions and time value of cost of options and guarantees	6	(302)	39	(263)	-	(263)	(11.1)p
Total continuing operations		2,244	(653)	1,591	(12)	1,579	66.8p
Discontinued operations (note 1.2d)		3	0	3	0	3	0.1p
On profit for the year after tax and minority interests		2,247	(653)	1,594	(12)	1,582	66.9p

#### **Notes**

- 1.2a The average number of shares for 2005 was 2,365m. The average number of shares reflects the average number in issue adjusted for shares held by employee trusts and consolidated unit trusts and OEICs which are treated as cancelled.
- 1.2b The goodwill impairment charge relates to the Japanese life business.
- 1.2c Core borrowings of the Group are marked to market value under EEV. As the liabilities are generally held to maturity or for the long-term, no deferred tax asset has been established on the increase (compared to IFRS) in carrying value. Accordingly, no deferred tax credit has been recorded in the results against the full year 2005 charge.
- 1.2d Discontinued operations relate to Egg France and Egg's Funds Direct operation.

**2006 Results****EUROPEAN EMBEDDED VALUE (EEV) BASIS RESULTS****Schedule 2****Basis of preparation and economic assumptions****(1) Basis of preparation of results**

The EEV basis results have been prepared in accordance with the EEV Principles issued by the CFO Forum of European Insurance Companies in May 2004 and expanded by the Additional Guidance on EEV Disclosures published in October 2005. Where appropriate the EEV basis results include the effects of adoption of International Financial Reporting Standards (IFRS).

The EEV results for the Group are prepared for 'covered business' as defined by the EEV Principles. Covered business represents the Group's long-term insurance business for which the value of new and in-force contracts is attributable to shareholders. The EEV basis results for the Group's covered business are then combined with the IFRS basis results of the Group's other operations.

The definition of long-term business operations is consistent with previous practice and comprises those contracts falling under the definition of long-term insurance business for regulatory purposes together with, for US Operations, contracts that are in substance the same as guaranteed investment contracts (GICs) but do not fall within the technical definition. Under the EEV Principles, the results for covered business incorporate the projected margins of attaching internal fund management.

With two principal exceptions, covered business comprises the Group's long-term business operations. The principal exceptions are for the closed Scottish Amicable Insurance Fund (SAIF) and for the presentational treatment of the financial position of two of the Group's defined benefit pension schemes. A very small amount of UK group pensions business is also not modelled for EEV reporting purposes.

SAIF is a ring-fenced sub-fund of the PAC long-term fund, established by a Court approved Scheme of Arrangement in October 1997. SAIF is closed to new business and the assets and liabilities of the fund are wholly attributable to the policyholders of the fund. In 2006, a bulk annuity arrangement between SAIF and Prudential Retirement Income Limited (PRIL), a shareholder-owned subsidiary took place, as explained in note 4f to schedule 4. Reflecting the altered economic interest from SAIF policyholders to Prudential shareholders, this arrangement represents a transfer from business of the Group that is not 'covered' to business that is 'covered' with consequential effect on the EEV basis results.

As regards, the Group's defined benefit pension schemes, the surplus or deficit attaching to the Prudential Staff Pension Scheme (PSPS) and Scottish Amicable Pension Scheme are excluded from the value of UK Operations and included in the total for Other Operations. The surplus and deficit amounts are partially attributable to the Prudential Assurance Company (PAC) with-profits fund and shareholder-backed long-term business and partially to other parts of the Group. In addition to the IFRS surplus or deficit, the shareholders' 10 per cent share of the PAC with-profits sub-fund's interest in the movement on the financial position of the schemes is recognised for EEV reporting purposes.

**(2) Economic assumptions****Deterministic**

In most countries, the long-term expected rates of return on investments and risk discount rates are set by reference to period end rates of return on cash or fixed interest securities. This 'active' basis of assumption setting has been applied in preparing the results of all the Group's UK and US long-term business operations. For the Group's Asian operations, the active basis is appropriate for business written in Japan, Korea and US dollar denominated business written in Hong Kong.

An exception to this general rule is that for countries where long-term fixed interest markets are underdeveloped, investment return assumptions and risk discount rates are based on an assessment of longer-term economic conditions. Except for the countries listed above, this basis is appropriate for the Group's Asian operations.

Expected returns on equity and property asset classes are derived by adding a risk premium, also based on the long-term view of Prudential's economists in respect of each territory, to the risk-free rate. In the UK the equity risk premium is 4.0 per cent (2005: 4.0 per cent) above risk-free rates. The equity risk premium in the US is also 4.0 per cent (2005: 4.0 per cent). In Asia, equity risk premiums range from 3.0 per cent to 5.8 per cent (2005: 3.0 per cent to 5.75 per cent). Best estimate assumptions for other asset classes, such as corporate bond spreads, are set consistently.

Assumed investment returns reflect the expected future returns on the assets held and allocated to the covered business at the valuation date.

The table below summarises the principal financial assumptions:

	2006 %	2005 %
<b>UK Insurance Operations</b>		
Risk discount rate		
New business	7.8	7.55
In-force	8.0	7.7
Pre-tax expected long-term nominal rates of investment return:		
UK equities	8.6	8.1
Overseas equities	8.6 to 9.3	8.1 to 8.75
Property	7.1	6.4
Gilts	4.6	4.1
Corporate bonds	5.3	4.9
Expected long-term rate of inflation	3.1	2.9
Post-tax expected long-term nominal rate of return for the with profits fund:		
Pension business (where no tax applies)	7.5	7.1
Life business	6.6	6.3
<b>US Operations (Jackson National Life)</b>		
Risk discount rate:		
New business	7.6	6.9
In-force	6.7	6.1
Expected long-term spread between earned rate and rate credited to policyholders for single premium deferred annuity business	1.75	1.75
US 10 year treasury bond rate at end of period	4.8	4.4
Pre-tax expected long-term nominal rate of return for US equities	8.8	8.4
Expected long-term rate of inflation	2.5	2.4

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## 2006 Results

### Basis of preparation and economic assumptions (continued)

### Schedule 2 (continued)

#### Economic assumptions (continued)

#### Asian Operations

	China 31 Dec 2006 %	Hong Kong (notes iii, iv, and v) 31 Dec 2006 %	India 31 Dec 2006 %	Indonesia 31 Dec 2006 %	Japan 31 Dec 2006 %	Korea 31 Dec 2006 %	Malaysia (notes iv, v) 31 Dec 2006 %	Philippines 31 Dec 2006 %	Singapore (notes iv, v) 31 Dec 2006 %	Taiwan (notes ii, v) 31 Dec 2006 %	Thailand 31 Dec 2006 %	Vietnam 31 Dec 2006 %
Risk discount rate (note v):												
New business	12.0	6.6	16.5	17.5	5.3	9.5	9.5	16.5	6.9	8.8	13.75	16.5
In-force	12.0	6.8	16.5	17.5	5.3	9.5	9.2	16.5	6.9	9.3	13.75	16.5
Expected long-term rate of inflation	4.0	2.25	5.5	6.5	0.0	2.75	3.0	5.5	1.75	2.25	3.75	5.5
Government bond yield	9.0	4.7	10.5	11.5	2.1	5.0	7.0	10.5	4.5	5.5	7.75	10.5

	China 31 Dec 2005 %	Hong Kong (notes iii, iv, and v) 31 Dec 2005 %	India 31 Dec 2005 %	Indonesia 31 Dec 2005 %	Japan 31 Dec 2005 %	Korea 31 Dec 2005 %	Malaysia (notes iv, v) 31 Dec 2005 %	Philippines 31 Dec 2005 %	Singapore (notes iv, v) 31 Dec 2005 %	Taiwan (notes ii, v) 31 Dec 2005 %	Thailand 31 Dec 2005 %	Vietnam 31 Dec 2005 %
Risk discount rate (note v):												
New business	12.0	5.9	16.5	17.5	5.0	10.3	9.4	16.5	6.7	9.0	13.75	16.5
In-force	12.0	6.15	16.5	17.5	5.0	10.3	9.0	16.5	6.8	9.4	13.75	16.5
Expected long-term rate of inflation	4.0	2.25	5.5	6.5	0.0	2.75	3.0	5.5	1.75	2.25	3.75	5.5
Government bond yield	9.0	4.8	10.5	11.5	1.8	5.8	7.0	10.5	4.5	5.5	7.75	10.5

	Asia total 31 Dec 2006 %										Asia total 31 Dec 2005 %
Weighted risk discount rate (note i)											
New business											9.8
In-force											8.8

#### Notes

(i) The weighted discount rates for the Asian operations shown above have been determined by weighting each country's discount rates by reference to the EEV basis operating result for new business and the closing value of in-force business.

(ii) For traditional business in Taiwan, the economic scenarios used to calculate the 2006 and 2005 EEV basis results reflect the assumption of a phased progression of the bond yields from the current rates applying to the assets held to the long-term expected rates. The projections assume that in the average scenario, the current bond yields of around 2 per cent trend towards 5.5 per cent at 31 December 2013 (2005 : 2 per cent trend towards 5.5 per cent at 31 December 2012).

In projecting forward the Fund Earned Rate allowance is made for the mix of assets in the fund, future investment strategy, and further market value depreciation of bonds held as a result of assumed future yield increases. These factors, together with the assumption of the phased progression in bond yields, give rise to an average assumed Fund Earned Rate that trends from 2.1 per cent for 2006 to 5.7 per cent in 2014. The assumed Fund Earned Rate falls to 1.4 per cent in 2007 and remains below 2.1 per cent for a further five years. This feature is due to the depreciation of bond values as yields rise. Thereafter, the assumed Fund Earned Rate fluctuates around a target of 5.9 per cent. This projection compares with that applied for the 2005 results of a grading from an assumed rate of 2.3 per cent for 2005 to 5.4 per cent for 2013. Consistent with the EEV methodology applied, a constant discount rate has been applied to the projected cashflows.

(iii) The assumptions shown are for US dollar denominated business which comprises the larger proportion of the in-force Hong Kong business.

(iv) Assumed equity returns

The most significant equity holdings in the Asian operations are in Hong Kong, Singapore and Malaysia. The mean equity return assumptions for those territories at 31 December 2006 were 8.7 per cent, (31 December 2005: 8.6 per cent), 9.3 per cent (31 December 2005: 9.3 per cent) and 12.8 per cent (31 December 2005: 12.8 per cent) respectively. To obtain the mean, an average over all simulations of the accumulated return at the end of the projection period is calculated. The annual average return is then calculated by taking the root of the average accumulated return minus 1.

(v) For Singapore, Malaysia, Taiwan and Hong Kong, cash rates are used in setting the risk discount rates.

#### Stochastic

The economic assumptions used for the stochastic calculations are consistent with those used for the deterministic calculations described above. Assumptions specific to the stochastic calculations such as the volatilities of asset returns reflect local market conditions and are based on a combination of actual market data, historic market data and an assessment of longer-term economic conditions. Common principles have been adopted across the Group for the stochastic asset models, for example, separate modelling of individual asset classes but with allowance for correlation between the various asset classes.

Details are given below of the key characteristics and calibrations of each model.

**2006 Results****Basis of preparation and economic assumptions (continued)****Schedule 2 (continued)****Economic assumptions (continued)****UK Insurance Operations**

- Interest rates are projected using a two-factor model calibrated to actual market data;
- The risk premium on equity assets is assumed to follow a log-normal distribution;
- The corporate bond return is calculated as the return on a zero-coupon bond plus a spread. The spread process is a mean reverting stochastic process; and
- Property returns are modelled in a similar fashion to corporate bonds, namely as the return on a riskless bond, plus a risk premium, plus a process representative of the change in residual values and the change in value of the call option on rents.

The rates to which the model has been calibrated are set out below:

Mean returns have been derived as the annualised arithmetic average return across all simulations and durations.

Standard deviations have been calculated by taking the annualised variance of the returns over all the simulations, taking the square root and averaging over all durations in the projection. For bonds the standard deviations relate to the yields on bonds of the average portfolio duration. For equity and property, they relate to the total return on these assets. The standard deviations applied for 2006 and 2005 are as follows:

	%
Government bond yield	2.0
Corporate bond yield	5.5
Equities:	
UK	18.0
Overseas	16.0
Property	15.0

**Jackson National Life**

- Interest rates are projected using a log-normal generator calibrated to actual market data;
- Corporate bond returns are based on Treasury securities plus a spread that has been calibrated to current market conditions and varies by credit quality; and
- Variable annuity equity and bond returns have been stochastically generated using a regime-switching log-normal model with parameters determined by reference to historical data. The volatility of equity fund returns ranges from 18.6 per cent to 28.1 per cent (2005:18.6 per cent to 28.1 per cent) depending on risk class, and the volatility of bond funds ranges from 1.4 per cent to 2.0 per cent (2005:1.4 per cent to 1.8 per cent)

**Asian Operations**

The same asset return model, as used in the UK, appropriately calibrated, has been used for the Asian operations. The principal asset classes are government and corporate bonds. Equity holdings are much lower than in the UK whilst property is not held as an investment asset.

The stochastic cost of guarantees is only of significance for the Hong Kong, Singapore, Malaysia and Taiwan operations.

The mean stochastic returns are consistent with the mean deterministic returns for each country. The volatility of equity returns ranges from 18 per cent to 25 per cent (2005: 18 per cent to 26 per cent) and the volatility of government bond yields ranges from 1.4 per cent to 2.5 per cent (2005: 1.3 per cent to 2.2 per cent).

**(3) Level of encumbered capital**

In adopting the EEV Principles, Prudential has based encumbered capital on its internal targets for economic capital subject to it being at least the local statutory minimum requirements. Economic capital is assessed using internal models, but when applying the EEV principles Prudential does not take credit for the significant diversification benefits that exist within the Group. For with-profits business written in a segregated life fund, as is the case in the UK and Asia, the capital available in the fund is sufficient to meet the encumbered capital requirements.

The table below summarises the level of encumbered capital as a percentage of the relevant statutory requirement.

	Capital as a percentage of relevant statutory requirement
UK Insurance Operations	100% of EU Minimum
Jackson National Life	235% of Company Action Level
Asian Operations	100% of Financial Conglomerates Directive requirement

**2006 Results****EEV basis results****Summary results**

	Schedule cross reference	2006 £m	2005 £m
<b>Operating profit of continuing operations, based on longer-term investment returns</b>			
Profits (losses) from:			
New Business	4	1,039	867
Business in force	5	1,184	876
Long-term business		2,223	1,743
Asia development expenses		(15)	(20)
Other operating results			
M&G		204	163
Egg		(145)	44
US broker-dealer and fund management		18	24
Curian		(8)	(10)
Asian fund management operations		50	12
Other income and expenditure			
Investment return and other income (note 3a)		8	42
Interest payable on core structural borrowings		(177)	(175)
Corporate expenditure:			
Group Head Office		(83)	(70)
Asia Regional Head office		(36)	(30)
Charges for share-based payments for Prudential schemes		(10)	(11)
Total other income and expenditure		(298)	(244)
UK restructuring costs (note 3b)		(53)	-
Total operating profit from continuing operations based on longer-term investment returns		1,976	1,712

**Notes**

## 3a Investment return and other income

	2006 £m	2005 £m
IFRS basis	58	87
Less: Allocation of investment return on centrally held capital in respect of Taiwan business to the operating result of Asian operations (see note 5d(ii) on Schedule 5)	(18)	(21)
Less: Projected fund management result in respect of covered business incorporated in opening EEV value of in-force business (see note)	(32)	(24)
EEV basis	8	42

Note: Total EEV basis results for investment management operations reflect the aggregate of the experience variance between the actual and expected contribution from managing internal long-term business funds falling within the scope of covered business, and the contribution from managing external and other internal funds. The fund management results for business unit operations shown above reflect the IFRS result. The adjustment to other income is that required to derive the correct overall EEV contribution.

## 3b UK restructuring costs have been incurred as follows:

	£m
UK Insurance Operations	34
M&G	2
Egg	12
Unallocated corporate	5
	53

The charge of £53m comprises £50m recognised on the IFRS basis and an additional £3m recognised on the EEV basis for the shareholders' share of costs incurred by the PAC with-profits sub-fund. The costs relate to the initiative announced in December 2005 for UK Insurance Operations to work more closely with Egg and M&G.

**2006 Results****EEV basis results**

	2006			2005		
	Pre-tax (note 4c) £m	Tax £m	Post-tax £m	Pre-tax (note 4c) £m	Tax £m	Post-tax £m
<b>Operating profits from new long-term insurance business</b>						
UK Insurance Operations	266	(80)	186	243	(73)	170
Jackson National Life (note 4b)	259	(91)	168	211	(74)	137
Asian Operations	514	(141)	373	413	(124)	289
	<b>1,039</b>	<b>(312)</b>	<b>727</b>	<b>867</b>	<b>(271)</b>	<b>596</b>

In determining the EEV basis value of new business written in the year the policies incept, premiums are included in projected cash flows on the same basis of distinguishing annual and single premium business as set out for statutory basis reporting.

**Margins on new business premiums and contributions**

2006	New Business Premiums (note 4d)		Annual Premium and Contribution Equivalent	Present value of New Business Premiums	Pre-Tax New Business Contribution	New Business Margin (note 4e)	
	Single	Regular	(APE)	(PVNBP)		(APE)	(PVNBP)
	£m	£m	£m	£m	£m	%	%
UK Insurance Operations (note 4f)	6,991	201	900	7,712	266	30	3.4
Jackson National Life	5,964	17	614	6,103	259	42	4.2
Asian Operations (note 4a)	1,072	849	956	5,132	514	54	10.0
Total	<b>14,027</b>	<b>1,067</b>	<b>2,470</b>	<b>18,947</b>	<b>1,039</b>	<b>42</b>	<b>5.5</b>

2005	New Business Premiums (note 4d)		Annual Premium and Contribution Equivalent	Present value of New Business Premiums	Pre-Tax New Business Contribution	New Business Margin (note 4e)	
	Single	Regular	(APE)	(PVNBP)		(APE)	(PVNBP)
	£m	£m	£m	£m	£m	%	%
UK Insurance Operations (note 4g)	7,002	191	892	7,718	243	27	3.1
Jackson National Life	5,009	14	515	5,135	211	41	4.1
Asian Operations (note 4a)	837	648	731	4,039	413	56	10.2
Total	<b>12,848</b>	<b>853</b>	<b>2,138</b>	<b>16,892</b>	<b>867</b>	<b>41</b>	<b>5.1</b>

**Notes**

4a New Business Margin as a percentage of APE for Asian operations

	2006 %	2005 %
Asian Operations		
Hong Kong	69	60
Korea	35	37
Taiwan	55	51
India	23	29
China	43	51
Other	72	76
Total Asian Operations	<b>54</b>	<b>56</b>

4b Jackson National Life net of tax profits	2006 £m	2005 £m
Pre capital charge	182	150
Capital charge (see note 8a on schedule 8)	(14)	(13)
Post capital charge	<b>168</b>	<b>137</b>

4c Profits from fund management of covered business

Included within pre-tax new business profits shown in the table above are profits arising from fund management business falling within the scope of covered business of:

	2006 £m	2005 £m
UK Insurance Operations	9	7
Jackson National Life	2	2
Asian Operations	23	10
	<b>34</b>	<b>19</b>

4d New business premiums reflect those premiums attaching to covered business including premiums for contracts classified as investment products for IFRS basis reporting. New business premiums for regular premium products are shown on an annualised basis. Department of Work and Pensions rebate business is classified as single recurrent business. Internal vesting business is classified as new business where the contracts include an open market option.

4e New business margins are shown on two bases, namely the margins by reference to the Annual Premium Equivalents (APE) and the Present Value of New Business Premiums (PVNBP). APEs are calculated as the aggregate of regular new business amounts and one tenth of single new business amounts. PVNBPs are calculated as single premiums plus the present value of expected premiums of new regular premium business, allowing for lapses and other assumptions made in determining the EEV new business contribution.

The table of new business premiums and margins above excludes SAIF DWP rebate premiums.

New business contributions represent profits determined by applying the economic and non-economic assumptions applying at the end of the year.

4f Bulk annuity reinsurance from the Scottish Amicable Insurance Fund to Prudential Retirement Income Limited.

The tables above include a bulk annuity transaction with the Scottish Amicable Insurance Fund (SAIF) with a premium of £560m. The transaction reflects the arrangement entered into in June 2006 for the reinsurance of non-profit immediate pension annuity liabilities of SAIF to Prudential Retirement Income Limited (PRIL), a shareholder owned subsidiary of the Group. SAIF is a closed ring-fenced sub-fund of the PAC long-term fund established by a Court approved Scheme of Arrangement in October 1997, which is solely for the benefit of SAIF policyholders. Shareholders have no interest in the profits of this fund, although they are entitled to investment management fees on this business. Accordingly, it is not part of covered business for EEV reporting purposes. The inclusion of the transaction between SAIF and PRIL as new business reflects the transfer from SAIF to Prudential shareholders' funds of longevity risk, the requirement to set aside supporting capital and the entitlement to surpluses arising on this block of business from the reinsurance arrangement.

Consistent with the transfer from uncovered to covered business and reflecting the transfers above, the transaction has been accounted for as new business for EEV reporting purposes.

4g For previous periods the new business for intermediated distribution of UK Insurance Operations have included Department of Work and Pensions (DWP) rebate business for SAIF. These are excluded from the table above with comparatives restated accordingly. The amounts of new SAIF DWP rebate business written was £60m in 2006 and £83m in 2005.

**2006 Results****EEV basis results**

	2006 £m	2005 £m
<b>Operating profit from business in force of continuing operations</b>		
<b>UK Insurance Operations</b>		
Unwind of discount and other expected returns (note 5a)	530	424
Cost of strengthened persistency assumption (note 5b(i))	-	(148)
Mortality related cost of capital charge (note 5b(ii))	-	(47)
Other items (note 5b(iii))	(110)	(46)
	420	183
<b>Jackson National Life</b>		
Unwind of discount and other expected returns (note 5a):		
On value of in-force and required capital	202	160
On surplus assets	49	52
Spread experience variance	118	89
Amortisation of interest-related realised gains and losses	45	53
Profit on repricing Term contracts	-	140
(Loss) profit from changes to other operating assumptions	(7)	10
Other (note 5c)	42	26
	449	530
<b>Asian Operations</b>		
Unwind of discount and other expected returns (note 5a)	254	162
Change in operating assumptions (note 5d(i))	45	(9)
Experience variances and other items (note 5d(ii))	16	10
	315	163
<b>Total</b>	<b>1,184</b>	<b>876</b>

**Notes****5a** Unwind of discount and other expected returns

For UK Insurance and Asian Operations, unwind of discount and other expected returns is determined by reference to the value of in-force business, required capital and surplus assets at the start of the year as adjusted for the effect of changes in economic and operating assumptions reflected in the current year. For the unwind of discount for UK insurance operations included in operating results based on longer-term returns a further adjustment is made. For UK Insurance Operations the amount represents the unwind of discount on the value of in-force business at the beginning of the year (adjusted for the effect of current year assumption changes), the expected return on smoothed surplus assets retained within the PAC with-profits sub-fund and the expected return on shareholders' assets held in other UK long-term business operations. Surplus assets retained within the PAC with-profits sub-fund are smoothed for this purpose to remove the effects of short-term investment volatility from operating results. In the balance sheet and for total profit reporting, asset values and investment returns are not smoothed. For JNL the return on surplus assets is shown separately.

**5b** UK Insurance Operations

## (i) Changes in persistency assumptions

The £148m cost of strengthened persistency assumptions for 2005 applies to a number of products, primarily in respect of with-profit bonds.

## (ii) Mortality related cost of capital charge

The £47m charge for 2005 primarily relates to the cost of capital attaching to liability strengthening on the regulatory basis for annuity business.

## (iii) UK insurance operations other items represent:

	2006 £m	2005 £m
Cost associated with regulatory requirements including Sarbanes-Oxley, and product and distribution development	(32)	(45)
Adjustments to the policyholder and shareholder taxes for non-participating business of the PAC long-term fund, after grossing up for notional tax	(26)	-
Other items (note 5b(iv))	(52)	(1)
	(110)	(46)

(iv) Included within other items of £(52)m (2005:£(1)m) is a charge of £14m (2005:£12m) in respect of annual licence fee payments and a charge of £16m (2005: £16m) for expense over-runs in respect of a tariff agreement with SAIF. The licence fee payments are made by shareholder-backed subsidiaries of UK Insurance Operations, via a service company, to the PAC with-profits sub-fund for the right to use trademarks and for the goodwill associated with the purchase of the business of the Scottish Amicable Life Assurance Society in 1997. The licence fee arrangements run to 2017. The charge in respect of SAIF, which is not covered business, is borne by a service company and arises from a tariff arrangement which is currently onerous to shareholders. The tariff arrangement will be replaced at the end of 2007.

Charges in respect of both of these items are reflected in the EEV and IFRS results on an annual basis.

The charge for 2006 for other items also includes a negative persistency experience variance of £9m.

## (v) Expense assumptions

The 2005 EEV basis financial statements included note disclosure explaining that in determining the appropriate expense assumptions for 2005 account had been taken of the cost synergies that were expected to arise with some certainty from the initiative announced in December 2005 from UK Insurance Operations working more closely with Egg and M&G. Without this factor there would have been a charge for altered expense assumptions of approximately £55m. The half year 2006 EEV basis results were prepared on the same basis.

The initiative was expected to provide annual savings to the cost base of UK Operations in aggregate of £40m. In addition, at the interim results stage, it was announced that an end to end review of the UK business, with the aim of reducing the overall cost base was underway. Total UK annual savings, including the £40m mentioned above, were noted as being expected to be £150m per annum comprising £100m for Egg and shareholder-backed business of UK Insurance Operations and £50m attaching to the with-profits sub-fund. The savings for the UK Insurance Operations cover both acquisition and renewal activity. Reflecting the underlying trend in unit costs, the interim results announcement noted that the element of the additional savings of £110m that relate to long-term business was expected to be neutral in its effect on EEV basis results.

With the agreement to sell Egg Banking plc, the actions necessary to implement these plans have been reassessed and additional initiatives put in place, as announced on 15 March 2007.

In preparing the 2006 EEV basis results for UK Insurance Operations, account has been taken of the expense savings that are expected to arise from these initiatives. Without this factor the effect on the 2006 results would have been an additional charge of £44m for the net effect of revised assumptions in line with 2006 unit costs. The size of this change reflects the lagged effect of the implementation of the previously announced initiatives which have affected run-rate savings as at 31 December 2006 but not translated to the same extent in unit costs over 2006 as a whole.

**5c** Jackson National Life

The principal component of the £42m credit for other profit is £31m of favourable mortality experience variance.

**5d** Asian Operations

## (i) Changes in operating assumptions

The £45m profit from changes in operating assumptions for Asian operations includes £24m in respect of higher assumed investment management margins based on current experience, a further £24m for the net effect of altered lapse rates across a number of territories and similarly a net £20m for changes to mortality and morbidity assumptions offset by a charge of £23m for other items.

## (ii) Experience variances and other items

Experience variances and other items of £16m for 2006 comprise £35m for favourable mortality variance and £18m in respect of the investment return on capital held centrally in respect of Taiwan (as shown in note 3a on schedule 3) offset by negative expense variances of £26m in respect of China of (£14m) and India (£12m) and £11m of other charges. The negative expense variances are primarily a reflection of the expenses for new business being in excess of the target levels factored into the valuation of new business for these operations which are at a relatively early stage of development. On the basis of current plans the target level for India is planned to be attained in 2009. In the case of China, the target level for existing operations is planned to be attained in 2011.

**2006 Results****EEV basis results****Items excluded from operating profit**

	2006 £m	2005 £m
<b>Short-term fluctuations in investment returns</b>		
Long-term business:		
UK Insurance Operations (note 6a(i))	378	994
Jackson National Life (note 6a(ii))	63	67
Asian Operations (note 6a(iii))	286	41
Share of investment return of funds managed by PPM America, that are consolidated into the Group results, but attributable to external investors	1	0
Share of profits of venture investment companies and property partnerships of the PAC with-profits sub-fund that are consolidated into the Group results but are attributable to external investors	0	1
Other operations	17	(35)
<b>Total</b>	<b>745</b>	<b>1,068</b>

**Notes****6a (i) UK Insurance Operations**

Short-term fluctuations in investment returns for UK Insurance Operations represent the difference between total investment returns in the year attributable to shareholders on the EEV basis and the longer-term return included within operating profit as described on schedule 4. The £378m (2005: £994m) reflects the PAC life fund investment return earned in the year of 12 per cent (2005: 20 per cent).

**6a (ii) Jackson National Life - Summary**

	2006 £m	2005 £m
<b>Short-term fluctuations in investment returns for JNL comprise:</b>		
Actual investment return on investments less long-term returns included within operating profit:		
Actual realised gains less default assumption and amortisation of interest-related realised gains and losses for fixed maturity securities and related swap transactions	20	5
Actual less long-term return on equity based investments and other items	26	58
Investment return related gain due primarily to changed expectation of profits on in-force variable annuity business in future periods based on current period equity returns, net of related hedging activity*	17	4
	<b>63</b>	<b>67</b>

\* This adjustment arises due to the market returns being higher than the assumed long-term rate of return. This gives rise to higher than expected year end values of variable annuity assets under management with a resulting effect on the projected value of future account values and hence future profitability.

**6a (iii) Asian Operations**

Short-term fluctuations for Asian operations of £286m in 2006 were due to strong market performance in most territories, in particular in Vietnam (£108m) relating to increases in both bond and equity portfolios and in Hong Kong (£73m) where an increase in the investment return on the equity portfolio more than offset the reductions in bond prices. Short term fluctuations in Taiwan were £46m and £41m in Singapore.

	2006 £m	2005 £m
<b>6b Mark to market value movements on core borrowings</b>		
Jackson National Life	3	(2)
Other Operations	82	(65)
	<b>85</b>	<b>(67)</b>

Core borrowings of the Group are marked to market value under EEV. As the liabilities are generally held to maturity or for the long-term, no deferred tax asset has been established on the increase (compared to IFRS) in carrying value. Accordingly, no deferred tax charge (credit) is recorded in the results against the 2006 credit of £85m (2005: charge of £67m).

**6c Actuarial and other gains and losses on defined benefit pension schemes**

The gain of £207m (2005: charge £47m) included in total profit reflects the shareholders' share of actuarial and other gains and losses on the Group's defined benefit pension schemes. On the EEV basis, this gain (charge) includes a 10 per cent share of the actuarial gains and losses on the share attributable to the PAC with-profits sub-fund for the Prudential Staff and Scottish Amicable Pension Schemes. The high level of shareholders' actuarial gains in 2006 reflects the excess of market returns over the long-term assumption and the increase in discount rate applied in determining the present value of projected pension payments from 4.8 per cent at 31 December 2005 to 5.2 per cent at 31 December 2006 as noted on schedule 18. The 2005 full year charge of £47m includes a charge of £43m for altered renewal expense assumptions arising from the prospective increase in employer contributions for the Prudential Staff Pension Scheme for future service of active members (as distinct from deficit funding).

**6d Effect of changes in economic assumptions and time value of cost of options and guarantees**

The profits (losses) on changes in economic assumptions and time value of cost of options and guarantees resulting from changes in economic factors for in-force business included within the profit from continuing operations before tax (including actual investment returns) arise from:

	2006			2005		
	Changes in economic assumptions £m	Changes in time value of cost of options and guarantees £m	Total £m	Changes in economic assumptions £m	Changes in time value of cost of options and guarantees £m	Total £m
UK Insurance Operations (note i)	182	40	222	(81)	31	(50)
Jackson National Life (note ii)	(51)	6	(45)	(3)	11	8
Asian Operations (note iii)	(132)	14	(118)	(265)	5	(260)
<b>Total</b>	<b>(1)</b>	<b>60</b>	<b>59</b>	<b>(349)</b>	<b>47</b>	<b>(302)</b>

**Notes**

(i) The effect of changes in economic assumptions for UK Insurance Operations reflects primarily movements in gilt rates of return which affect assumed rates of return and discount rates, as described in note 2 on schedule 2.

(ii) The charge of £51m for JNL in 2006 arises from the change in risk discount rate, partially offset by the positive effect of an increased assumed future rate of return for separate account variable annuity business. Both changes reflect the 0.4 per cent increase in the 10 year treasury bond rate.

(iii) The £132m charge for 2006 for Asian operations for the effect of changes in economic assumptions mainly relates to Taiwan where there is a charge of £101m arising from the delay in the assumed long-term yield projection as described in note 2(ii) on schedule 2, and the associated effect of this delay on the economic capital requirement. The principal cause of the Asia charges in 2005 of £265m was for the reduction in short-term earned rates in Taiwan in 2005. This reduction had the effect of delaying the emergence of the expected long-term rate, and the associated effect of this delay on economic capital requirements.

**2006 Results****EEV basis results**

	2006 £m	2005 £m
<b>Tax charge attributable to shareholders</b>		
<u>Tax charge (credit) on operating profit based on longer-term investment returns</u>		
Long-term business (note 7a):		
UK Insurance Operations (notes 7b, 7c)	178	127
Jackson National Life (note 7d)	251	204
Asian Operations (note 7b)	222	162
	651	493
Other operations	(64)	(130)
<b>Total tax charge on operating profit from continuing operations</b>	<b>587</b>	<b>363</b>
<u>Tax charge (credit) on items not included in operating profit</u>		
Tax charge on short-term fluctuations in investment returns	214	343
Tax charge (credit) on actuarial and other gains and losses of defined benefit pension schemes	62	(14)
Tax credit on effect of changes in economic assumptions and time value of cost of options and guarantees (note 7e)	(4)	(39)
<b>Total tax charge on items not included in operating profit from continuing operations</b>	<b>272</b>	<b>290</b>
<b>Tax charge on profit on ordinary activities from continuing operations (including tax on actual investment returns)</b>	<b>859</b>	<b>653</b>

**Notes**

- 7a The profit for the year for covered business is in most cases calculated initially at the post-tax level. The post-tax profit for covered business is then grossed up for presentation purposes at the effective rates of tax applicable to the countries and periods concerned. In the UK this is the UK, corporation tax rate of 30%. For Jackson National Life the US federal rate of 35% is applied to gross up movements on the value of in-force business. Effects on statutory tax for the period affect the overall tax rate. For Asia, similar principles apply subject to the availability of taxable profits.
- 7b Including tax relief on UK restructuring costs borne by UK Insurance Operations and Asia development expenses.
- 7c The tax charge for UK Insurance Operations of £178m includes a credit of £19m in respect of a prior year tax adjustment for shareholder-backed business.
- 7d The tax charge for Jackson National Life of £251m includes a charge in respect of prior years of £29m and a charge of £26m in respect of a change in valuation of deferred tax under EEV to reflect discounting over a period of four to eleven years depending upon the type of business concerned. These adjustments have also resulted in a reallocation from free surplus to the value of in-force business of £44m.
- 7e The tax credit for 2006 on the effect of changes in economic assumptions includes a credit of £9m in respect of a change in the tax rate for Malaysia.

**2006 Results****EEV basis results**

	2006 £m	2005 £m
<b>Shareholders' funds summary</b>		
<b>UK Insurance Operations</b>		
Long-term business operations (notes 8a, 8b)		
Smoothed shareholders' funds (note 8c)	5,155	4,558
Actual shareholders' funds less smoothed shareholders' funds	658	574
EEV basis shareholders' funds	5,813	5,132
<b>M&amp;G (note 8g)</b>		
Net assets of operations	230	245
Acquired goodwill (note 8e)	1,153	1,153
<b>Egg (note 8g)</b>	292	303
	<b>7,488</b>	<b>6,833</b>
<b>US Operations</b>		
Jackson National Life (net of surplus note borrowings of £158m (2005 : £183m)) (note 8f)		
Shareholders' funds before capital charge	3,420	3,465
Capital charge (note 8d)	(117)	(117)
EEV basis shareholders' funds	3,303	3,348
Broker-dealer, fund management, and Curian operations (note 8g)	57	70
	<b>3,360</b>	<b>3,418</b>
<b>Asian Operations</b>		
Long-term business (note 8a)		
Net assets of operations - EEV basis shareholders' funds	2,548	1,988
Acquired goodwill (note 8e)	111	111
Fund management (note 8g)		
Net assets of operations	89	82
Acquired goodwill (note 8e)	61	61
	<b>2,809</b>	<b>2,242</b>
<b>Other Operations (note 8g)</b>		
Holding company net borrowings (note 8f)	(1,542)	(1,724)
Other net liabilities (note 8g)	(232)	(468)
	<b>(1,774)</b>	<b>(2,192)</b>
<b>Total</b>	<b>11,883</b>	<b>10,301</b>

**Notes**

8a A charge is deducted from the annual result and embedded value for the cost of capital supporting the Group's long-term business operations. This capital is referred to as encumbered capital. The cost is the difference between the nominal value of the capital and the discounted present value of the projected releases of this capital allowing for the investment earnings (net of tax) on the capital. Where encumbered capital is held within a with-profits sub-fund, the value placed on surplus assets in the fund is already discounted to reflect its release over time and no further adjustment is necessary in respect of encumbered capital.

8b The proportion of surplus allocated to shareholders from the UK with-profits business has been based on the present level of 10%. Future bonus rates have been set at levels which would fully utilise the assets of the with-profits fund over the lifetime of the business in force.

8c UK long-term business smoothed shareholders' funds reflect an adjustment to the assets of the PAC with-profits sub-fund, for the purposes of determining the unwind of discount included in operating profits, to remove the short-term volatility in market values of assets. Shareholders' funds in the balance sheet are determined on an unsmoothed basis.

8d In determining the cost of capital of Jackson National Life, it has been assumed that an amount equal to 235% of the risk-based capital required by the National Association of Insurance Commissioners (NAIC) at the Company Action Level must be retained. The impact of the related capital charge is to reduce Jackson National Life's shareholders' funds by £117m (2005: £117m).

8e Goodwill

Under IFRS, subject to impairment testing, goodwill is no longer amortised. Acquired goodwill of the Japan life business was subject to an impairment charge of £120m which was included in the 2005 results.

Goodwill attaching to venture fund investment subsidiaries of the PAC with-profits fund that are consolidated under IFRS are not included in the table above as the goodwill attaching to these companies is not relevant to the analysis of shareholders' funds.

8f Net core structural borrowings of shareholder-financed operations comprise:	2006 £m	2005 £m
Holding company cash and short-term investments	1,119	1,128
Core structural borrowings - central funds	(2,661)	(2,852)
Holding company net borrowings	(1,542)	(1,724)
Core structural borrowings - Jackson National Life	(158)	(183)
	<b>(1,700)</b>	<b>(1,907)</b>

The altered carrying value of core structural borrowings under EEV compared to those under IFRS reflects the application of market values rather than cost.

8g With the exception of the share of pension scheme surplus (deficit) attributable to the PAC with-profits sub-fund which are included in other operations' net liabilities, and the borrowings as described in note 8f, the amounts shown for the items in the table above that are referenced to this note have been determined on the statutory IFRS basis (see schedule 17). The pension scheme surplus (deficit), net of tax, attributable to shareholders relating to the Prudential Staff Pension and Scottish Amicable Pension schemes are determined as follows:

	2006 £m	2005 £m
IFRS basis (re shareholder-backed operations)	19	(113)
Additional amount recognised under EEV (re shareholders' 10% share of the surplus (deficit) attributable to the PAC with-profits sub-fund)	6	(29)
	<b>25</b>	<b>(142)</b>

## 2006 Results

## EEV basis results

	Schedule cross reference	Long-term business operations				Other Operations	Group Total
		UK Insurance Operations	Jackson National Life	Asian Operations	Total Long-term Business Operations		
		£m	£m	£m	£m	£m	£m
<b>Reconciliation of movement in shareholders' funds</b>							
Operating profit (including investment return based on longer-term investment returns)							
Long-term business							
New business	4	266	259	514	1,039		1,039
Business in force	5	420	449	315	1,184		1,184
		686	708	829	2,223		2,223
Asia development expenses				(14)	(14)	(1)	(15)
M&G						204	204
Egg						(145)	(145)
Asian fund management operations						50	50
US broker-dealer and fund management						18	18
Curian						(8)	(8)
Other income and expenditure						(298)	(298)
UK restructuring costs	3	(34)			(34)	(19)	(53)
Total operating profit (loss) based on longer-term investment returns	3	652	708	815	2,175	(199)	1,976
Short-term fluctuations in investment returns	6	378	63	286	727	18	745
Mark to market value movements on core borrowings	6		3		3	82	85
Actuarial gains and losses on defined benefit pension schemes	6					207	207
Effect of changes in economic assumptions and time value of cost of options and guarantees	6	222	(45)	(118)	59		59
Profit on ordinary activities before tax (including actual investment returns)		1,252	729	983	2,964	108	3,072
Tax on profits (losses) from continuing operations							
Tax on operating profit		(178)	(251)	(222)	(651)	64	(587)
Tax on short-term fluctuations in investment returns		(113)	(21)	(75)	(209)	(5)	(214)
Tax on actuarial and other gains and losses on defined benefit pension schemes						(62)	(62)
Tax on effect of changes in economic assumptions and time value of cost of options and guarantee:		(67)	16	55	4		4
Total tax (charge) credit	7	(358)	(256)	(242)	(856)	(3)	(859)
Minority interests						(1)	(1)
Profit for the financial year		894	473	741	2,108	104	2,212
Unrealised valuation movements on Egg securities classified as available-for-sale						(2)	(2)
Movement in cash flow hedges						7	7
Exchange movements (note 9a)			(432)	(169)	(601)	242	(359)
Related tax						(74)	(74)
Intra-group dividends (including statutory transfer)		(271)	(113)	(90)	(474)	474	0
External dividends						(399)	(399)
Reserve movements in respect of share-based payments						15	15
Investment in operations (note 9b)		127	10	95	232	(232)	0
Other transfers (note 9d)		(69)	10	(17)	(76)	76	0
Treasury shares:							
Movement in own shares in respect of share-based payment plans						6	6
Movement on Prudential plc shares purchased by unit trusts consolidated under IFRS						0	0
Acquisition of Egg minority interests						(167)	(167)
Issues of share capital by parent company						336	336
Cumulative adjustment at 31 December 2006, net of related tax, for JNL assets backing surplus and required capital (note 9f)			7		7		7
Net increase (decrease) in shareholders' capital and reserves		681	(45)	560	1,196	386	1,582
Shareholders' capital and reserves at 1 January 2006	8	5,132	3,348	1,988	10,468	(167)	10,301
Shareholders' capital and reserves at 31 December 2006	8	5,813	3,303	2,548	11,664	219	11,883
Analysed as:							
Statutory IFRS basis shareholders' funds	17	1,263	2,656	1,176	5,095	393	5,488
Additional retained profit on an EEV basis		4,550	647	1,372	6,569	(174)	6,395
EEV basis shareholders funds (note 9c)	8	5,813	3,303	2,548	11,664	219	11,883
Components of EEV basis shareholders' funds of long-term business operations:							
Free surplus		147	910	(42)	1,015		
Required capital		831	1,073	962	2,866		
Value of in force before deduction of cost of capital and of guarantees		5,129	1,578	2,156	8,863		
Cost of capital		(254)	(117)	(521)	(892)		
Cost of time value of guarantees		(40)	(141)	(7)	(188)		
		5,813	3,303	2,548	11,664		

## Notes

9a Profits are translated at average exchange rates, consistent with the method applied for statutory IFRS basis results. The amounts recorded above for exchange rate movements reflect the difference between 2005 and 2006 exchange rates as applied to shareholders' funds at 1 January 2006 and the difference between 31 December 2006 and average 2006 rates for profits.

9b Investment in operations reflects increases in share capital. This includes certain non-cash items as a result of timing differences.

9c For the purposes of the table above, goodwill relating to Asian long-term operations (as shown on schedule 8) is included in 'Other Operations'.

9d Other transfers (from) to long-term business operations to other operations

	Insurance Operations	National Life	Asian Operations	Total Long-term Business Operations
	£m	£m	£m	£m
Adjustment for net of tax fund management projected profits of covered business	(15)	(2)	(5)	(22)
Adjustment for investment return, net of related tax, on economic capital for Taiwan operations held centrally			(13)	(13)
Other adjustments (note 9e)	(54)	12	1	(41)
	(69)	10	(17)	(76)

9e The other adjustment for UK Insurance Operations is merely technical in nature and is a reallocation of shareholders' funds from net worth to central funds to more closely align the corporate and business unit structure for EEV reporting purposes. The Jackson National Life other adjustment is for a tax related benefit arising from the US basis of filing.

9f Previously the valuation placed on the assets backing Jackson National Life's surplus and required capital reflected the fact that generally they are held for the longer-term and excluded the short-term differences between market value and amortised cost. For the balance sheet at 31 December 2006 and prospectively these short-term value adjustments are now incorporated. At 31 December 2006 the balance sheet adjustment, net of related tax, is an increase of £7m. For 31 December 2005 the adjustment, if it had been booked at that date, was an increase of £19m. Future movements for this item, consistent with the basis applied under IFRS for available-for-sale securities, will be booked in the statement of movement in shareholders' capital and reserves.

## 2006 Results

## EEV basis results

	Free Surplus £m	Required Capital £m	Total Net Worth (note 10d) £m	Value of In Force (note 10f) £m	Total Long-term Business £m
<b>Reconciliation of Net Worth and Value of In-force business for 2006 (note 10a)</b>					
<b>Shareholders' capital and reserves at 1 January 2006 (note 10g)</b>	<b>835</b>	<b>2,882</b>	<b>3,717</b>	<b>6,751</b>	<b>10,468</b>
New business contribution (schedule 4) (notes 10b, 10c)	(554)	383	(171)	898	727
Expected return on existing business	41	91	132	641	773
Existing business - transfer to net worth (note 10e)	943	(290)	653	(653)	0
Change of operating assumptions and experience variances (note 10h)	(29)	20	(9)	31	22
Changes of non-operating assumptions and experience variances and minority interests	44	48	92	494	586
<b>Profit on ordinary activities after tax and minority interests for long-term business</b>	<b>445</b>	<b>252</b>	<b>697</b>	<b>1,411</b>	<b>2,108</b>
Exchange rate movements	(69)	(268)	(337)	(264)	(601)
Intragroup dividends (including statutory transfer) and investment in operations	(127)	-	(127)	(115)	(242)
Cumulative adjustment at 31 December 2006, net of related tax, for JNL assets backing surplus and required capital	7	-	7	-	7
Other transfers from net worth (note 10i)	(76)	-	(76)	-	(76)
<b>Shareholders' capital and reserves at 31 December 2006 (note 10g)</b>	<b>1,015</b>	<b>2,866</b>	<b>3,881</b>	<b>7,783</b>	<b>11,664</b>

## Notes

10a All figures shown are net of tax.

10b The movements arising from the new business contribution are as follows:

	2006 (note 10c) £m	2005 £m
Free surplus	(554)	(562)
Required capital	383	409
Total net worth	(171)	(153)
Value of in-force	898	749
Total long-term business	727	596

10c The new business contribution arises as follows:

	Free Surplus £m	Required Capital £m	Total Net Worth £m	Value of In Force £m	Total Long-term Business £m
UK Insurance Operations	(221)	176	(45)	231	186
Jackson National Life	(228)	196	(32)	200	168
Asian Operations	(105)	11	(94)	467	373
	(554)	383	(171)	898	727

10d Net worth consists of statutory solvency capital (or economic capital where higher) and unencumbered capital.

10e Existing business transfer to net worth

	Free Surplus £m	Required Capital £m	Total Net Worth £m	Value of In Force £m	Total Long-term Business £m
UK Insurance Operations	408	(39)	369	(369)	0
Jackson National Life	326	(210)	116	(116)	0
Asian Operations	209	(41)	168	(168)	0
	943	(290)	653	(653)	0

10f Value of in-force business includes the value of future margins from current in-force business less the cost of holding encumbered capital.

10g Included in EEV basis shareholders' funds of long-term business operations of £11,664m (£10,468m) is £257m (£174m) in respect of fund management business falling within the scope of covered business as follows:

	2006 £m	2005 £m
UK Insurance Operations	125	120
Jackson National Life	12	12
Asian Operations	120	42
	257	174

10h Included within the change of operating assumptions and experience variances is a reallocation from free surplus to the value of in force business of £44m in respect of the Jackson National Life tax adjustments as detailed on schedule 7 in note 7d. In addition, for other long-term operations, a reallocation from free surplus of £58m to required capital of £26m and the value of in-force business of £32m has been made in respect of non-recurring adjustments.

10i Other transfers from net worth

	2006 £m (as per note 9d on schedule 9)
Adjustment for net of tax fund management projected profits of covered business	(22)
Adjustment for investment return, net of related tax, on economic capital for Taiwan operations held centrally	(13)
Other adjustments	(41)
	(76)

**2006 Results****EEV basis results****SENSITIVITY OF RESULTS TO ALTERNATIVE ASSUMPTIONS****1. Sensitivity to changes in economic assumptions**

The tables below show the sensitivity of the embedded value as at 31 December 2006 (2005) and the new business contribution after the effect of encumbered capital for 2006 and 2005 to:

- 1 per cent increase in the discount rates;
- 1 per cent increase and decrease in interest rates, including all consequential changes (assumed investment returns for all asset classes, market values of fixed interest assets, risk discount rates);
- 1 per cent rise in equity and property yields;
- 10 per cent fall in market value of equity and property assets (not applicable for new business contribution); and
- Holding company statutory minimum capital (by contrast to economic capital).

In each sensitivity calculation, all other assumptions remain unchanged except where they are directly affected by the revised economic conditions.

	UK Insurance Operations £m	Jackson National Life £m	Asian Operations £m	Total Long-term £m
<b>2006</b>				
<b>New business profit for 2006</b>				
As reported (schedule 4)	266	259	514	1,039
Discount rates - 1% increase	(46)	(28)	(56)	(130)
Interest rates - 1% increase	4	3	(9)	(2)
Interest rates - 1% decrease	(11)	(17)	7	(21)
Equity/property yields - 1% rise	16	28	23	67
<b>Embedded value of long-term operations at 31 December 2006</b>				
As reported (schedule 9)	5,813	3,303	2,548	11,664
Discount rates - 1% increase	(480)	(127)	(271)	(878)
Interest rates - 1% increase (notes 11a,11c)	55	(190)	42	(93)
Interest rates - 1% decrease (note 11a,11c)	(70)	116	(115)	(69)
Equity/property yields - 1% rise	382	46	154	582
Equity/property market values - 10% fall	(502)	(58)	(99)	(659)
Statutory minimum capital	8	82	391	481

	UK Insurance Operations £m	Jackson National Life £m	Asian Operations £m	Total Long-term £m
<b>2005</b>				
<b>New business profit for 2005</b>				
As reported (schedule 4)	243	211	413	867
Discount rates - 1% increase	(49)	(27)	(46)	(122)
Interest rates - 1% increase	(4)	2	(6)	(8)
Interest rates - 1% decrease	(5)	(26)	3	(28)
Equity/property yields - 1% rise	13	24	20	57
<b>Embedded value of long-term operations at 31 December 2005</b>				
As reported (schedule 9)	5,132	3,348	1,988	10,468
Discount rates - 1% increase	(432)	(133)	(236)	(801)
Interest rates - 1% increase (notes 11a,11d)	69	(144)	49	(26)
Interest rates - 1% decrease (notes 11a,11d)	(99)	55	(126)	(170)
Equity/property yields - 1% rise	297	42	136	475
Equity/property market values - 10% fall (note 11d)	(480)	(55)	(75)	(610)
Statutory minimum capital	0	79	431	510

**Notes****11a Asian Operations**

	2006						2005					
	Embedded value long-term operations £m	interest rates 1% increase £m	1% decrease £m	% of embedded value 1% increase %	1% decrease %		Embedded value long-term operations £m	interest rates 1% increase £m	1% decrease £m	% of embedded value 1% increase %	1% decrease %	
Established markets	2,039	(55)	45	(3%)	2%		1,844	(57)	49	(3%)	3%	
Taiwan (note 11b)	(216)	107	(165)	50%	(76%)		(311)	106	(174)	34%	(56%)	
Korea	191	(5)	5	(3%)	3%		136	(3)	3	(2%)	2%	
Vietnam	198	(1)	1	(1%)	1%		127	3	(2)	2%	(2%)	
Other	336	(4)	(1)	(1%)	(0%)		192	0	(2)	0%	(1%)	
	2,548	42	(115)	2%	(5%)		1,988	49	(126)	2%	(6%)	

**11b Taiwan sensitivity to starting bond rates (i.e. the starting bond rate for the progression to the assumed long-term rate)**

	2006			2005		
	Embedded value at 31 Dec 2006 £m	1% increase in the starting bond rates £m	1% decrease in the starting bond rates £m	Embedded value at 31 Dec 2005 £m	1% increase in the starting bond rates £m	1% decrease in the starting bond rates £m
Taiwan	(216)	116	(125)	(311)	104	(108)

For Taiwan, if a delay of a further year to 31 December 2014 for the start and end of the progression period had been assumed in preparing the 2006 results, there would have been an additional charge of £(88)m.

**11c** JNL sensitivities for 2006 to 1 per cent movements in interests rates include the effect on net worth as detailed on schedule 9 note (9f).

**11d** 2005 comparatives have been adjusted to reflect refinements to the methodology in UK Insurance Operations, for the effect of interest rate movements, and in JNL, for the effect of equity falls where the impact of associated hedging activity on variable annuity business is now included.

Date: 15 March 2007

**Schedule 11**  
**(continued)**

## 2006 Results

### EEV basis results

#### 2. Sensitivity to changes in non-economic assumptions

The tables below show the sensitivity of the embedded value as at 31 December 2006 (2005) and the new business contribution after the effect of required capital for 2006 and 2005 to :

- 10% proportionate decrease in maintenance expenses (a 10% sensitivity on a base expense assumption of £10 per annum would represent an expense assumption of £9 per annum)
- 10% proportionate decrease in lapse rates (a 10% sensitivity on a base assumption of 5% would represent a lapse rate of 4.5% per annum.)
- 5% proportionate decrease in base mortality and morbidity rates (i.e. increased longevity)

2006	UK Insurance Operations £m	Jackson National Life £m	Asian Operations £m	Total Long-term £m
<b>New business profit for 2006</b>				
As reported (schedule 4)	266	259	514	1,039
Maintenance expenses - 10% decrease	10	6	13	29
Lapse rates - 10% decrease	8	21	42	71
Mortality and morbidity - 5% decrease	(27)	6	14	(7)
Change representing effect on:				
Life business	1	6	14	21
Annuity business	(28)	0	0	(28)
<b>Embedded value of long-term operations for 2006</b>				
As reported (schedule 9)	5,813	3,303	2,548	11,664
Maintenance expenses - 10% decrease	33	32	45	110
Lapse rates - 10% decrease	75	110	93	278
Mortality and morbidity - 5% decrease	(87)	75	77	65
Change representing effect on:				
Life business	7	75	77	159
Annuity business	(94)	0	0	(94)

2005	UK Insurance Operations £m	Jackson National Life £m	Asian Operations £m	Total Long-term £m
<b>New business profit for 2005</b>				
As reported (schedule 4)	243	211	413	867
Maintenance expenses - 10% decrease	8	5	10	23
Lapse rates - 10% decrease	7	18	39	64
Mortality and morbidity - 5% decrease	(39)	5	13	(21)
Change representing effect on:				
Life business	1	5	13	19
Annuity business	(40)	0	0	(40)
<b>Embedded value of long-term operations for 2005</b>				
As reported (schedule 9)	5,132	3,348	1,988	10,468
Maintenance expenses - 10% decrease	33	36	45	114
Lapse rates - 10% decrease	68	90	87	245
Mortality and morbidity - 5% decrease	(62)	90	69	97
Change representing effect on:				
Life business	9	90	69	168
Annuity business	(71)	0	0	(71)

Date: 15 March 2007

**Schedule 12.1**

**2006 Results**

**IFRS basis results**

**2006**

	Schedule cross reference	Pre-tax £m	Tax (Schedule 16) £m	Post-tax £m	Minority interests £m	Post-tax and minority interests £m	Earnings per share (pence)
<b>Basic earnings per share (note 12.1a)</b>							
On operating profit based on longer-term investment returns, after related tax and minority interests		893	(257)	636	1	637	26.4p
Adjustment from post-tax longer-term investment returns to post-tax actual investment returns	15	162	(40)	122	(2)	120	5.0p
Adjustment for post-tax shareholders' share of actuarial and other gains and losses on defined benefit pension schemes	18	167	(50)	117	-	117	4.8p
On profit for the year after tax and minority interests		1,222	(347)	875	(1)	874	36.2p

**Note**

12.1a The average number of shares for 2006 was 2,413m. The average number of shares reflects the average number in issue adjusted for shares held by employee trusts and consolidated unit trusts and OEICs which are treated as cancelled.

Date: 15 March 2007

**Schedule 12.2**

## 2006 Results

### **IFRS basis results**

#### **2005**

	Schedule cross reference	Pre-tax £m	Tax (Schedule 16) £m	Post-tax £m	Minority interests £m	Post-tax and minority interests £m	Earnings per share (pence)
<b>Basic earnings per share (note 12.2a)</b>							
<u>Continuing operations</u>							
On operating profit based on longer-term investment returns, after related tax and minority interests		957	(186)	771	(10)	761	32.2p
Adjustment for goodwill impairment charge (note 12.2b)		(120)	-	(120)	-	(120)	(5.1)p
Adjustment from post-tax longer-term investment returns to post-tax actual investment returns	15	211	(70)	141	(2)	139	5.9p
Adjustment for post-tax shareholders' share of actuarial and other gains and losses on defined benefit pension schemes		(50)	15	(35)	-	(35)	(1.5)p
Total continuing operations		998	(241)	757	(12)	745	31.5p
Discontinued operations (note 12.2c)		3	0	3	0	3	0.1p
On profit for the year after tax and minority interests		1,001	(241)	760	(12)	748	31.6p

#### **Notes**

- 12.2a The average number of shares for 2005 was 2,365m. The average number of shares reflects the average number in issue adjusted for shares held by employee trusts and consolidated unit trusts and OEICs which are treated as cancelled.
- 12.2b The goodwill impairment charge relates to the Japanese life business.
- 12.2c Discontinued operations relate to Egg France and Egg's Funds Direct operation.

**2006 Results****IFRS basis results**

<b>US Operations - Summary of operating results</b>	<b>2006 US\$m</b>	<b>2005 US\$m</b>	<b>2006 £m</b>	<b>2005 £m</b>
IFRS operating result for continuing operations				
Jackson National Life (note 13a)	<b>732</b>	633	<b>398</b>	348
Broker-dealer and fund management result	<b>33</b>	44	<b>18</b>	24
Curian	<b>(14)</b>	(19)	<b>(8)</b>	(10)
Operating profit from continuing operations before tax	<b>751</b>	658	<b>408</b>	362
Average exchange rates			<b>1.84</b>	1.82

Notes

13a IFRS basis operating profits include the following longer-term investment returns (net of related change in amortisation of deferred acquisition costs)

	<b>2006 US\$m</b>	<b>2005 US\$m</b>	<b>2006 £m</b>	<b>2005 £m</b>
Longer-term returns on debt securities:				
Amortisation of interest related gains (net of related change in amortisation of deferred acquisition costs)	<b>70</b>	83	<b>38</b>	46
Risk margin reserve charge in respect of credit related losses (net of related change in amortisation of deferred acquisition costs) (note 13b)	<b>(81)</b>	(81)	<b>(44)</b>	(45)
Total	<b>(11)</b>	2	<b>(6)</b>	1
Longer-term returns on equity type investments	<b>82</b>	69	<b>45</b>	38

13b The risk margin reserve (RMR) charge for 2006 is based on an average annual RMR charge of 23 basis points on a book value of US\$43.9bn (2005: 24 basis points on a book value of US\$ 43.3bn.)

**2006 Results****IFRS basis results**

	<b>2006</b>	<b>2005</b>
	<b>£m</b>	<b>£m</b>
<b>Income statement for banking operations</b>		
Interest income	<b>783</b>	893
Interest expense	<b>(453)</b>	(581)
<b>Net interest income</b>	<b>330</b>	312
Fee and commission income	<b>153</b>	223
Fee and commission expense	<b>(23)</b>	(23)
Other operating income	<b>8</b>	16
<b>Operating income</b>	<b>468</b>	528
General administrative expenses	<b>(192)</b>	(216)
Impairment losses on loans and cash advances to customers (note 14.1a)	<b>(384)</b>	(241)
Other operating expenses	<b>(37)</b>	(27)
<b>Operating expenses</b>	<b>(613)</b>	(484)
<b>Operating (loss) profit based on longer-term investment returns (before restructuring costs)</b>	<b>(145)</b>	44
UK restructuring costs	<b>(12)</b>	-
Short-term fluctuations in investment returns	<b>7</b>	-
<b>(Loss) profit from continuing operations before tax</b>	<b>(150)</b>	44
Tax	<b>45</b>	1
<b>(Loss) profit from continuing operations after tax</b>	<b>(105)</b>	45
Discontinued operations (net of tax)	<b>-</b>	3
<b>(Loss) profit for the period</b>	<b>(105)</b>	48
Attributable to:		
Equity holders of the Company	<b>(103)</b>	39
Minority interests (note 14.1b)	<b>(2)</b>	9
<b>(Loss) profit for the period</b>	<b>(105)</b>	48

**Notes**

14.1a The movement on provisions relating to losses on loans and advances was as follows:

	<b>2006</b>	<b>2005</b>
	<b>£m</b>	<b>£m</b>
Balance at beginning of period	<b>335</b>	250
Amounts written off	<b>(201)</b>	(161)
New and additional provisions	<b>384</b>	241
Transition adjustment to reflect adoption of IAS 39 at 1 January 2005	<b>-</b>	5
<b>Balance at end of period</b>	<b>518</b>	335

14.1b The whole of the minority interests in Egg were acquired by the Company in the first half of 2006. On 29 January 2007, the Company announced that it had entered into a binding agreement to sell Egg Banking plc to Citi.

**2006 Results****IFRS basis results**

	<b>2006</b>	<b>2005</b>
<b>Product information for banking operations (Egg) in the UK</b>	<b>£m</b>	<b>£m</b>
Egg card	<b>3,215</b>	3,491
Egg personal loans	<b>2,338</b>	2,790
<b>Total unsecured lending assets</b>	<b>5,553</b>	6,281
Egg mortgages	<b>806</b>	1,019
Prudential mortgages	<b>352</b>	465
<b>Total secured lending assets</b>	<b>1,158</b>	1,484
<b>Total lending assets</b>	<b>6,711</b>	7,765
Allowance for losses on loans and advances	<b>(518)</b>	(335)
<b>Loans and advances to customers</b>	<b>6,193</b>	7,430
Egg savings	<b>5,457</b>	5,706
Prudential savings	<b>97</b>	124
<b>Total retail liabilities</b>	<b>5,554</b>	5,830

**2006 Results****IFRS basis results**

	2006 £m	2005 £m
<b>Short-term fluctuations in investment returns</b>		
Long-term business :		
Jackson National Life (note 15a)	53	178
Asian Operations (note 15b)	134	32
UK Insurance Operations	(43)	35
Share of investment return of funds managed by PPM America that are consolidated into Group results but attributable to external investors	1	0
Share of profits of venture investment companies and property investment companies of the PAC with-profits fund that are consolidated into Group results but attributable to external investors	0	1
Other operations	17	(35)
	<b>162</b>	<b>211</b>

**Notes**

## 15a Jackson National Life

Short-term fluctuations comprise actual returns on investments less longer-term returns (net of related change in amortisation of deferred acquisition costs) as follows:

	2006 £m	2005 £m
Movement in market value of derivatives used for economic hedging purposes	34	122
Actual gains less longer-term return on debt securities	(25)	2
Actual gains less longer-term return on equity type investments	21	31
Other	23	23
	<b>53</b>	<b>178</b>

- 15b The large increase in short-term fluctuations in investment returns for Asian Operations in 2006 was due to strong market performance across the region, particularly in Vietnam and Taiwan.

Date: 15 March 2007

Schedule 16

**2006 Results****IFRS basis results****Reconciliation of tax charge on profits attributable to shareholders**

	UK Insurance Operations	JNL	Asian long-term business operations	Other Operations	Total
	£m	£m	£m	£m	£m
<b>2006</b>					
Profit before tax attributable to shareholders:					
Operating profit based on longer-term investment returns, net of attributable restructuring costs and development expenses	469	398	175	(149)	893
Short-term fluctuations in investment returns	(43)	53	134	18	162
Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes	0	0	0	167	167
Total	426	451	309	36	1,222
Expected tax rate (note i):					
Operating profit based on longer-term investment returns	30%	35%	25%	30%	31%
Short-term fluctuations in investment returns	30%	35%	25%	30%	28%
Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes	30%	35%	25%	30%	30%
Total	30%	35%	25%	30%	31%
Expected tax charge based on expected tax rates:					
Operating profit based on longer-term investment returns	(141)	(139)	(44)	45	(279)
Short-term fluctuations in investment returns	13	(19)	(33)	(6)	(45)
Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes	0	0	0	(50)	(50)
Total	(128)	(158)	(77)	(11)	(374)
Variance from expected tax charge (note ii):					
Operating profit based on longer-term investment returns	23	5	(10)	4	22
Short-term fluctuations in investment returns	(4)	3	5	1	5
Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes	0	0	0	0	0
Total	19	8	(5)	5	27
Actual tax charge:					
Operating profit based on longer-term investment returns	(118)	(134)	(54)	49	(257)
Short-term fluctuations in investment returns	9	(16)	(28)	(5)	(40)
Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes	0	0	0	(50)	(50)
Total	(109)	(150)	(82)	(6)	(347)
Actual tax rate: operating profit	25%	34%	31%	33%	29%
: total	26%	33%	27%	17%	28%
<b>2005</b>					
Profit before tax attributable to shareholders:					
Operating profit based on longer-term investment returns, net of development expenses	400	348	175	34	957
Goodwill impairment charge	–	–	–	(120)	(120)
Short-term fluctuations in investment returns	36	178	32	(35)	211
Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes	(20)	–	3	(33)	(50)
Total	416	526	210	(154)	998
Expected tax rate (note i):					
Operating profit based on longer-term investment returns	30%	35%	26%	30%	31%
Goodwill impairment charge	–	–	–	0%	0%
Short-term fluctuations in investment returns	30%	35%	26%	30%	34%
Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes	30%	–	0%	30%	32%
Total	30%	35%	26%	6%	35%
Expected tax charge based on expected tax rates:					
Operating profit based on longer-term investment returns	(120)	(122)	(46)	(10)	(298)
Goodwill impairment charge	–	–	–	0	0
Short-term fluctuations in investment returns	(11)	(62)	(8)	10	(71)
Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes	6	–	0	10	16
Total	(125)	(184)	(54)	10	(353)
Variance from expected tax charge (note ii):					
Operating profit based on longer-term investment returns	3	(1)	(17)	127	112
Goodwill impairment charge	–	–	–	0	0
Short-term fluctuations in investment returns	(5)	9	9	(12)	1
Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes	(1)	–	0	0	(1)
Total	(3)	8	(8)	115	112
Actual tax charge:					
Operating profit based on longer-term investment returns	(117)	(123)	(63)	117	(186)
Goodwill impairment charge	–	–	–	0	0
Short-term fluctuations in investment returns	(16)	(53)	1	(2)	(70)
Shareholders' share of actuarial and other gains and losses on defined benefit pension schemes	5	–	0	10	15
Total	(128)	(176)	(62)	125	(241)
Actual tax rate: operating profit	29%	35%	36%	(344)%	19%
: total	31%	33%	30%	(81)%	24%

## 2006 Results

### IFRS basis results

#### Reconciliation of tax charge on profits attributable to shareholders

##### Notes

##### (i) Expected tax rates for profit attributable to shareholders

Expected tax rates shown in the table above reflect the corporate tax rates generally applied to taxable profits of the relevant country jurisdictions. For Asian operations the expected tax rates reflect the corporate tax rate weighted by reference to the source of profits of the operations contributing to the aggregate business result. In 2005 the expected tax rate of 35% was due to the inclusion of a goodwill impairment charge of £120m which is not allowable for tax. In 2006, no goodwill impairment charge has been booked, and the expected tax rate of 31% is lower in part due to this, and additionally due to the Asian long-term business (which is subject to lower tax rates than the UK and US) being a greater proportion of Group results.

##### (ii) Variances from expected tax charge for results attributable to shareholders

For 2006, the principal variances arise from differences between the standard corporation tax rate and actual rates due to a number of factors, including:

- (a) The tax credit arising from relief for excess expenses in respect of the shareholder-backed protection business.
- (b) Prior year adjustments arising from routine revisions of tax returns.

For 2005, the principal variances arise from differences between the standard corporation tax rate and actual rates for 'other' operations. This is due to a number of factors including:

- (a) The settlement of outstanding issues with HM Revenue and Customs (HMRC) at amounts below those previously provided. The settlements related to a range of issues affecting both shareholder and policyholder taxes. Many of the issues had been in dispute for several years. The principal issues resolved were as follows:

Firstly, HMRC had disputed the deductibility of commissions paid on credit life (protection) insurance. Prudential's treatment of the commissions was consistent with industry practice. At the start of 2005 it looked likely that the dispute would only be settled through litigation. However it proved possible to negotiate a settlement acceptable to both parties.

Secondly, in 2000 Prudential transferred the insurance business previously carried on by two M&G subsidiaries into another subsidiary, Scottish Amicable Life (SAL). In 2002, Prudential transferred the entire business of SAL (including the old M&G business) into Prudential Assurance Company Limited. Both of these transactions were conducted under a statutory framework, which included obtaining High Court approval. The transactions were complex, leading to a difference in views between HMRC and Prudential as to the correct tax treatment of the transactions. These differences were resolved through a negotiated settlement.

- (b) The tax credit arising from relief for excess expenses in respect of the shareholder-backed protection business.
- (c) Prior year adjustments arising from routine revisions of tax returns.
- (d) The benefit from Egg plc's previously unused French losses.

**2006 Results****IFRS basis results**

	2006 £m	2005 £m
<b>Shareholders' funds analysis</b>		
<b>UK Operations</b>		
Long-term business operations	1,263	1,141
M&G		
Net assets of operation	230	245
Acquired goodwill	1,153	1,153
	1,383	1,398
Egg - Group share of net assets	292	303
<b>Total</b>	<b>2,938</b>	<b>2,842</b>
<b>US Operations</b>		
Jackson National Life (net of surplus note borrowings) (note 17a)		
With debt securities and derivative instruments on an amortised cost basis	2,603	2,764
Impact of marking debt securities and derivative instruments to fair value (net of related change in amortisation of deferred income and acquisition costs and tax)	53	135
With debt securities and derivative instruments on a fair value basis	2,656	2,899
Broker-dealer, fund management and Curian operations	57	70
<b>Total</b>	<b>2,713</b>	<b>2,969</b>
<b>Asian Operations</b>		
Long-term business		
Net assets of operation	1,176	1,034
Acquired goodwill	111	111
	1,287	1,145
Fund management		
Net assets of operation	89	82
Acquired goodwill	61	61
	150	143
<b>Total</b>	<b>1,437</b>	<b>1,288</b>
<b>Other Operations</b>		
Holding company net borrowings (note 17a)	(1,366)	(1,466)
Shareholders' share of surpluses (deficits) on the Prudential Staff and Scottish Amicable defined benefit pension schemes (net of tax) (schedule 18)	19	(113)
Other net liabilities	(253)	(326)
<b>Total</b>	<b>(1,600)</b>	<b>(1,905)</b>
<b>Total</b>	<b>5,488</b>	<b>5,194</b>

**Note**

17a	Net core structural borrowings of shareholder-financed operations (excluding Egg) comprise:	2006 £m	2005 £m
	Holding company cash and short-term investments	1,119	1,128
	Core structural borrowings - central funds	(2,485)	(2,594)
	Holding company net borrowings	(1,366)	(1,466)
	Core structural borrowings - Jackson National Life	(127)	(145)
		(1,493)	(1,611)

## 2006 Results

## IFRS basis results

	(Charge) credit to income statement				
	Operating results				Surplus (deficit) in
	Deficit in (based on longer-term	investment returns)	Actuarial gains and	Contributions paid	schemes at
Retirement benefits - summary of financial position of defined benefit pension schemes (note 18a)	schemes at 1 Jan 2006	(note 18c)	losses (note 18d)		schemes at 31 Dec 2006
	£m	£m	£m	£m	£m
Prudential Staff Pension Scheme	(420)	(7)	431	137	141
Other defined benefit schemes (note 18b)	(123)	(22)	54	15	(76)
Total Group (deficit) surplus	(543)	(29)	485	152	65
Less: amount attributable to PAC with-profits fund	329	1	(318)	(85)	(73)
Shareholders' share of (deficit) surplus:					
Pre-tax	(214)	(28)	167	67	(8)
Related tax	61	9	(50)	(20)	0
Net of shareholders' tax	(153)	(19)	117	47	(8)

## Notes

- 18a The table reflects the financial position of the defined benefit schemes on an 'economic basis'. This is the IAS 19 basis adjusted to include scheme assets invested in Prudential Group insurance policies. At 31 December 2006, M&G Pension Scheme and Prudential Staff Pension Scheme (PSPS) had invested £161m and £126m respectively, in Prudential Group insurance policies.
- 18b The principal defined benefit pension scheme is PSPS. In the UK there are two smaller schemes, the Scottish Amicable Pension Scheme and the M&G Pension Scheme, with a combined deficit at 31 December 2006 of £67m gross of tax. There is also a small scheme in Taiwan which at 31 December 2006 had a deficit of £9m gross of tax.
- 18c The components of the charge to operating results (gross of allocation of the share attributable to the PAC with-profits fund) are as follows:
- |  |       |
|--|-------|
|  | £m    |
| Service cost (current charge only)     | 69    |
| Finance expense (income):              |       |
| Interest on pension scheme liabilities | 255   |
| Expected return on assets              | (295) |
| Total charge                           | 29    |
- The expected return on plan assets has been calculated by applying a rate of 6.1% prospectively for UK schemes.
- 18d The components of the credit for actuarial gains and losses (gross of allocation of the share attributable to the PAC with-profits fund) are as follows:
- |  |     |
|--|-----|
|  | £m  |
| Actual less expected return on assets                  | 156 |
| Experience gains on liabilities                        | 18  |
| Gains on changes of assumptions for scheme liabilities | 311 |
| Total credit   | 485 |
- The credit for actuarial gains and losses is recorded within the income statement but, within the supplementary analysis of profit, is excluded from operating profit based on longer-term investment returns.
- 18e Actuarial assumptions applied to UK schemes are as follows:
- |  | 1 January 2006 | 31 December 2006 |
|--|----------------|------------------|
|  | %              | %                |
| Discount rate  | 4.8            | 5.2              |
| Rate of increase in salaries                           | 4.8            | 5.0              |
| Price inflation  | 2.8            | 3.0              |
| Rate of increase of pensions in payment for inflation: |                |                  |
| Guaranteed (maximum 5%)                                | 2.8            | 3.0              |
| Guaranteed (maximum 2.5%)                              | 2.5            | 2.5              |
| Discretionary  | 2.5            | 2.5              |
- 18f The opening deficit of the PSPS scheme has been allocated in the ratios 70/30 between the with-profits fund and shareholder-backed operations. The ratio has continued to be applied to movements in the financial position that relates to opening assets and liabilities. However, the service charge and contributions for ongoing service are allocated by reference to the cost allocation for current business.

Date: 15 March 2007

**Schedule 19**

**2006 Results**

<b>Funds under management - summary</b>	<b>2006 £bn</b>	<b>2005 £bn</b>
Business Area (schedule 20)		
UK Operations (excluding UK Banking Operations)	<b>142.4</b>	134.3
UK Banking Operations	<b>8.2</b>	9.8
US Operations	<b>36.2</b>	38.0
Asian Operations	<b>13.8</b>	11.3
Internal funds under management (note 20a)	<b>200.6</b>	193.4
External funds (note 19a)	<b>50.1</b>	40.6
Total funds under management	<b>250.7</b>	234.0

**Note**

19a External funds shown above comprise £57.2bn (2005 : £46.3bn) in respect of investment products as published in the 2006 New Business results, less £7.1bn (2005 : £5.7bn) that are classified within internal funds.

Date: 15 March 2007

**Schedule 20**

**2006 Results**

**Internal funds under management - analysis by business area**

	Investment properties		Equity securities		Debt securities		Loans and receivables		Other investments		Total	
	2006 £bn	2005 £bn	2006 £bn	2005 £bn	2006 £bn	2005 £bn	2006 £bn	2005 £bn	2006 £bn	2005 £bn	2006 £bn	2005 £bn
UK Operations (excluding UK Banking Operations)	15.1	14.0	60.3	58.2	54.2	51.4	1.2	1.1	11.6	9.6	142.4	134.3
UK Banking Operations	0.0	0.0	0.0	0.0	2.0	2.1	6.2	7.4	0.0	0.3	8.2	9.8
US Operations	0.0	0.1	11.7	8.8	20.1	24.3	3.3	3.6	1.1	1.2	36.2	38.0
Asian Operations	0.1	0.1	6.9	5.0	5.4	4.7	0.9	1.1	0.5	0.4	13.8	11.3
Group Total (note 20a)	15.2	14.2	78.9	72.0	81.7	82.5	11.6	13.2	13.2	11.5	200.6	193.4

**Note**

20a As included in the investments section of the consolidated balance sheet except for £0.7bn (2005: £1.0bn) investment properties which are either held for sale, under development or occupied by the Group and in accordance with IFRS are included under other balance sheet captions.

**2006 Results****Foreign currency translation: Rates of exchange**

The profit and loss accounts of foreign subsidiaries are translated at average exchange rates for the year. Assets and liabilities of foreign subsidiaries are translated at year end exchange rates. Foreign currency borrowings that have been used to provide a hedge against Group equity investments in overseas subsidiaries are also translated at year end exchange rates. The impact of these currency translations is recorded as a component of the movement in shareholders' equity.

The following translation rates have been applied:

Local currency : £	<b>Year end 2006</b>	<b>Average 2006</b>	Year end 2005	Average 2005
Hong Kong	<b>15.22</b>	<b>14.32</b>	13.31	14.15
Japan	<b>233.20</b>	<b>214.34</b>	202.63	200.13
Malaysia	<b>6.90</b>	<b>6.76</b>	6.49	6.89
Singapore	<b>3.00</b>	<b>2.93</b>	2.85	3.03
Taiwan	<b>63.77</b>	<b>59.95</b>	56.38	58.47
USA	<b>1.96</b>	<b>1.84</b>	1.72	1.82

## 2006 Results

<b>Foreign currency translation: Effect of rate movements on result:</b>			
	<b>As published</b>	As published	Memorandum using 2006 exchange rates (note 21.2a)
<b>EEV basis results</b>	<b>2006 £m</b>	2005 £m	2005 £m
US Operations			
New business	259	211	208
Business in force	449	530	523
Jackson National Life	708	741	731
Broker-dealer, fund management and Curian	10	14	14
Total US Operations	718	755	745
Asian Operations			
New business	514	413	418
Business in force	315	163	167
Long-term operations	829	576	585
Fund management	50	12	11
Total Asian Operations (before development expenses)	879	588	596
Other Operations	379	369	370
Operating profit from continuing operations based on longer-term investment returns	1,976	1,712	1,711
Shareholders' funds	11,883	10,301	9,991

	<b>As published</b>	As published	Memorandum using 2006 exchange rates (note 21.2a)
<b>IFRS basis results</b>	<b>2006 £m</b>	2005 £m	2005 £m
US Operations			
Jackson National Life	398	348	344
Broker-dealer, fund management and Curian	10	14	14
Total US Operations	408	362	358
Asian Operations			
Long-term operations	189	195	201
Fund management	50	12	11
Total Asian Operations (before development expenses)	239	207	212
Other Operations	246	388	389
Operating profit from continuing operations based on longer-term investment returns	893	957	959
Shareholders' funds	5,488	5,194	4,986

Note

21.2a The memorandum results for 2005 have been calculated by applying average 2006 exchange rates to operating profit and year end exchange rates at 31 December 2006 to shareholders' funds at the period ends

**2006 Results**

<b>Foreign currency translation: Effect of rate movements on New Business results</b>	<b>As published</b>	As restated Note 21.3b	Memorandum using 2006 exchange rates (note 21.3a)
<b>Annual premium equivalent insurance product sales</b>	<b>2006 £m</b>	<b>2005 £m</b>	<b>2005 £m</b>
UK Operations	900	892	892
US Operations	614	515	508
Asian Operations	956	731	734
Total	<b>2,470</b>	<b>2,138</b>	<b>2,134</b>
<b>Gross investment product inflows</b>			
M&G	13,486	7,916	7,916
Asian Operations	20,408	18,457	18,049
Total	<b>33,894</b>	<b>26,373</b>	<b>25,965</b>
<b>Total insurance and investment product flows</b>			
Insurance	15,094	13,701	13,641
Investment	33,894	26,373	25,965
Total	<b>48,988</b>	<b>40,074</b>	<b>39,606</b>

**Notes**

21.3a The memorandum results for 2005 have been calculated by applying average 2006 exchange rates.

21.3b Total insurance flows of £13,701m exclude £83m previously reported in respect of SAIF Department of Work and Pensions rebate business because shareholders have no interest in SAIF.

## PRUDENTIAL PLC - NEW BUSINESS - FULL YEAR 2006

## TOTAL INSURANCE AND INVESTMENT NEW BUSINESS

	UK & Europe			US <sup>(1a)</sup>			Asia <sup>(1a)</sup>			Total		
	FY 2006 £m	FY 2005 £m	+/- (%)	FY 2006 £m	FY 2005 £m	+/- (%)	FY 2006 £m	FY 2005 £m	+/- (%)	FY 2006 £m	FY 2005 £m	+/- (%)
Total Insurance Products	7,192	7,192	0%	5,981	4,958	21%	1,921	1,491	29%	15,094	13,641	11%
Total Investment Products - Gross Inflows <sup>(2)</sup>	13,486	7,916	70%	-	-	-	20,408	18,049	13%	33,894	25,965	31%
Group Total	20,678	15,108	37%	5,981	4,958	21%	22,329	19,540	14%	48,988	39,606	24%

## INSURANCE OPERATIONS

	Single			Regular			Total			Annual Equivalents <sup>(3)</sup>		
	FY 2006 £m	FY 2005 £m	+/- (%)	FY 2006 £m	FY 2005 £m	+/- (%)	FY 2006 £m	FY 2005 £m	+/- (%)	FY 2006 £m	FY 2005 £m	+/- (%)
<b>UK Insurance Operations (see also schedule 22.2)</b>												
<b>Direct to Customer</b>												
Individual Pensions	14	12	17%	7	8	(13%)	21	20	5%	8	9	(11%)
Life - With Profit Bond	23	15	53%	1	1	0%	24	16	50%	3	3	0%
Life - Other	23	2	1,050%	1	2	(50%)	24	4	500%	3	2	50%
Individual Annuities	816	720	13%	-	-	-	816	720	13%	82	72	14%
<b>Sub-Total</b>	<b>876</b>	<b>749</b>	<b>17%</b>	<b>9</b>	<b>11</b>	<b>(18%)</b>	<b>885</b>	<b>760</b>	<b>16%</b>	<b>97</b>	<b>86</b>	<b>13%</b>
DWP Rebates	161	244	(34%)	-	-	-	161	244	(34%)	16	24	(33%)
<b>Total</b>	<b>1,037</b>	<b>993</b>	<b>4%</b>	<b>9</b>	<b>11</b>	<b>(18%)</b>	<b>1,046</b>	<b>1,004</b>	<b>4%</b>	<b>113</b>	<b>110</b>	<b>3%</b>
<b>Business to Business</b>												
Corporate Pensions	536	242	121%	162	146	11%	698	388	80%	216	170	27%
Individual Annuities	264	212	25%	-	-	-	264	212	25%	26	21	24%
Bulk Annuities	85	511	(83%)	-	-	-	85	511	(83%)	9	51	(82%)
<b>Total</b>	<b>885</b>	<b>965</b>	<b>(8%)</b>	<b>162</b>	<b>146</b>	<b>11%</b>	<b>1,047</b>	<b>1,111</b>	<b>(6%)</b>	<b>251</b>	<b>243</b>	<b>3%</b>
<b>Intermediated Distribution</b>												
Individual Pensions	87	65	34%	18	18	0%	105	83	27%	27	25	8%
Corporate Pensions	43	43	0%	4	7	(43%)	47	50	(6%)	8	11	(27%)
Life - With Profit Bond	202	159	27%	-	-	-	202	159	27%	20	16	25%
Life - Other Bond	693	947	(27%)	-	-	-	693	947	(27%)	69	95	(27%)
Life - Other	66	6	1,000%	5	6	(17%)	71	12	492%	12	7	71%
Individual Annuities	919	995	(8%)	-	-	-	919	995	(8%)	92	100	(8%)
<b>Total</b>	<b>2,010</b>	<b>2,215</b>	<b>(9%)</b>	<b>27</b>	<b>31</b>	<b>(13%)</b>	<b>2,037</b>	<b>2,246</b>	<b>(9%)</b>	<b>228</b>	<b>253</b>	<b>(10%)</b>
<b>Partnerships</b>												
Individual Pensions	1	-	-	-	-	-	1	-	-	-	-	-
Life - With Profit Bond	24	-	-	-	-	-	24	-	-	2	-	-
Life - Other Bond	117	-	-	-	-	-	117	-	-	12	-	-
Life - Other	698	814	(14%)	3	3	0%	701	817	(14%)	73	84	(13%)
Individual Annuities	714	295	142%	-	-	-	714	295	142%	71	30	137%
Bulk Annuities - Reinsurance from Scot Am Insurance Fund	560	-	-	-	-	-	560	-	-	56	-	-
Bulk Annuities	786	1,519	(48%)	-	-	-	786	1,519	(48%)	79	152	(48%)
<b>Total</b>	<b>2,900</b>	<b>2,628</b>	<b>10%</b>	<b>3</b>	<b>3</b>	<b>0%</b>	<b>2,903</b>	<b>2,631</b>	<b>10%</b>	<b>293</b>	<b>266</b>	<b>10%</b>
<b>Total:</b>												
Individual Pensions	102	77	32%	25	26	(4%)	127	103	23%	35	34	3%
Corporate Pensions	579	285	103%	166	153	8%	745	438	70%	224	182	23%
Life - With Profit Bond	249	174	43%	1	1	0%	250	175	43%	26	18	44%
Life - Other Bond	810	947	(14%)	-	-	-	810	947	(14%)	81	95	(15%)
Life - Other	787	822	(4%)	9	11	(18%)	796	833	(4%)	88	93	(5%)
Individual Annuities	2,713	2,222	22%	-	-	-	2,713	2,222	22%	271	222	22%
Bulk Annuities	1,431	2,030	(30%)	-	-	-	1,431	2,030	(30%)	143	203	(30%)
<b>Sub-Total</b>	<b>6,671</b>	<b>6,557</b>	<b>2%</b>	<b>201</b>	<b>191</b>	<b>5%</b>	<b>6,872</b>	<b>6,748</b>	<b>2%</b>	<b>868</b>	<b>847</b>	<b>2%</b>
DWP Rebates	161	244	(34%)	-	-	-	161	244	(34%)	16	24	(33%)
<b>Total UK Insurance Operations</b>	<b>6,832</b>	<b>6,801</b>	<b>0%</b>	<b>201</b>	<b>191</b>	<b>5%</b>	<b>7,033</b>	<b>6,992</b>	<b>1%</b>	<b>884</b>	<b>871</b>	<b>1%</b>
<b>European Insurance Operations <sup>(1a)</sup></b>												
Insurance Products	159	200	(21%)	-	-	-	159	200	(21%)	16	20	(20%)
<b>Total European Insurance Operations</b>	<b>159</b>	<b>200</b>	<b>(21%)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>159</b>	<b>200</b>	<b>(21%)</b>	<b>16</b>	<b>20</b>	<b>(20%)</b>
<b>Total UK &amp; Europe Insurance Operations (see also schedule 22.2)</b>												
<b>(See also Schehule 22.2)</b>	<b>6,991</b>	<b>7,001</b>	<b>(0%)</b>	<b>201</b>	<b>191</b>	<b>5%</b>	<b>7,192</b>	<b>7,192</b>	<b>0%</b>	<b>900</b>	<b>891</b>	<b>1%</b>
<b>US Insurance Operations <sup>(1a)</sup></b>												
Fixed Annuities	688	777	(11%)	-	-	-	688	777	(11%)	69	78	(12%)
Fixed Index Annuities	554	608	(9%)	-	-	-	554	608	(9%)	55	61	(10%)
Variable Annuities	3,819	2,572	48%	-	-	-	3,819	2,572	48%	382	257	49%
Life	8	11	(27%)	17	14	21%	25	25	0%	18	15	20%
<b>Sub-Total Retail</b>	<b>5,069</b>	<b>3,968</b>	<b>28%</b>	<b>17</b>	<b>14</b>	<b>21%</b>	<b>5,086</b>	<b>3,982</b>	<b>28%</b>	<b>524</b>	<b>411</b>	<b>27%</b>
Guaranteed Investment Contracts	458	350	31%	-	-	-	458	350	31%	46	35	31%
GiC - Medium Term Note	437	626	(30%)	-	-	-	437	626	(30%)	44	63	(30%)
<b>Total US Insurance Operations</b>	<b>5,964</b>	<b>4,944</b>	<b>21%</b>	<b>17</b>	<b>14</b>	<b>21%</b>	<b>5,981</b>	<b>4,958</b>	<b>21%</b>	<b>613</b>	<b>508</b>	<b>21%</b>
<b>Asian Insurance Operations <sup>(1a)</sup></b>												
China	27	17	59%	36	23	57%	63	40	58%	39	25	56%
Hong Kong	355	285	25%	103	81	27%	458	366	25%	139	110	26%
India <sup>(6)</sup>	20	4	400%	105	55	91%	125	59	112%	107	55	95%
Indonesia	31	44	(30%)	71	44	61%	102	88	16%	74	48	54%
Japan	68	28	143%	7	3	133%	75	31	142%	14	6	133%
Korea	103	31	232%	208	139	50%	311	170	83%	218	142	54%
Malaysia	4	9	(56%)	72	67	7%	76	76	0%	72	68	6%
Singapore	357	293	22%	72	59	22%	429	352	22%	108	88	23%
Taiwan	92	121	(24%)	139	145	(4%)	231	266	(13%)	148	157	(6%)
Other <sup>(4)</sup>	15	9	67%	36	34	6%	51	43	19%	38	35	9%
<b>Total Asian Insurance Operations</b>	<b>1,072</b>	<b>841</b>	<b>27%</b>	<b>849</b>	<b>650</b>	<b>31%</b>	<b>1,921</b>	<b>1,491</b>	<b>29%</b>	<b>956</b>	<b>734</b>	<b>30%</b>
<b>Group Total</b>												
<b>14,027</b>	<b>12,786</b>	<b>10%</b>	<b>1,067</b>	<b>855</b>	<b>25%</b>	<b>15,094</b>	<b>13,641</b>	<b>11%</b>	<b>2,470</b>	<b>2,134</b>	<b>16%</b>	

## PRUDENTIAL PLC - NEW BUSINESS - FULL YEAR 2006

## UK INSURANCE OPERATIONS ANALYSED BY PROSPECTIVE REPORTING CATEGORIES

	Single			Regular			Total			Annual Equivalents <sup>(3)</sup>		
	FY 2006 £m	FY 2005 £m	+/(%)	FY 2006 £m	FY 2005 £m	+/(%)	FY 2006 £m	FY 2005 £m	+/(%)	FY 2006 £m	FY 2005 £m	+/(%)
<b>Product Summary</b>												
Internal Vesting Annuities	1,341	1,112	21%	-	-	-	1,341	1,112	21%	134	111	21%
Direct and Partnership Annuities	780	365	114%	-	-	-	780	365	114%	78	36	117%
Intermediated Annuities	592	745	-21%	-	-	-	592	745	-21%	59	74	-20%
<b>Total Individual Annuities</b>	<b>2,713</b>	<b>2,222</b>	<b>22%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,713</b>	<b>2,222</b>	<b>22%</b>	<b>271</b>	<b>222</b>	<b>22%</b>
Equity Release	89	3	-	-	-	-	89	3	2867%	9	0	2900%
Individual pensions	21	-	-	-	-	-	21	-	-	2	-	-
Corporate pensions	318	28	1036%	66	55	20%	384	83	363%	98	58	69%
Unit linked bonds	388	566	-31%	-	-	-	388	566	-31%	39	57	-32%
With-profit bonds	139	81	72%	-	1	-	139	82	70%	14	9	56%
Protection	11	5	120%	9	9	0%	20	14	43%	10	10	0%
Offshore Products	540	510	6%	-	-	-	540	510	6%	54	51	6%
<b>Total Retail Retirement</b>	<b>4,219</b>	<b>3,415</b>	<b>24%</b>	<b>75</b>	<b>65</b>	<b>15%</b>	<b>4,294</b>	<b>3,480</b>	<b>23%</b>	<b>497</b>	<b>407</b>	<b>22%</b>
Corporate pensions	261	257	2%	100	98	2%	361	355	2%	126	124	2%
Other Products	232	241	-4%	26	26	-	258	267	-3%	49	50	-2%
DWP rebates	161	244	-34%	-	-	-	161	244	-34%	16	24	-33%
<b>Total Mature Life and Pensions</b>	<b>654</b>	<b>742</b>	<b>-12%</b>	<b>126</b>	<b>124</b>	<b>2%</b>	<b>780</b>	<b>866</b>	<b>-10%</b>	<b>191</b>	<b>198</b>	<b>-4%</b>
<b>Total Retail</b>	<b>4,873</b>	<b>4,157</b>	<b>17%</b>	<b>201</b>	<b>189</b>	<b>6%</b>	<b>5,074</b>	<b>4,346</b>	<b>17%</b>	<b>688</b>	<b>605</b>	<b>14%</b>
Wholesale Annuities	1,431	2,030	-30%	-	-	-	1,431	2,030	-30%	143	203	-30%
Credit life	687	814	-16%	-	2	-	687	816	-16%	69	83	-17%
<b>Total UK Insurance Operations</b>	<b>6,991</b>	<b>7,001</b>	<b>0%</b>	<b>201</b>	<b>191</b>	<b>5%</b>	<b>7,192</b>	<b>7,192</b>	<b>0%</b>	<b>900</b>	<b>891</b>	<b>1%</b>
<b>Channel Summary</b>												
Direct and Partnership	2,543	1,498	70%	174	160	9%	2,717	1,658	64%	428	310	38%
Intermediated	2,169	2,415	-10%	27	31	-13%	2,196	2,446	-10%	244	273	-11%
Wholesale	2,118	2,844	-26%	-	-	-	2,118	2,844	-25%	212	284	-25%
<b>Sub-Total</b>	<b>6,830</b>	<b>6,757</b>	<b>1%</b>	<b>201</b>	<b>191</b>	<b>5%</b>	<b>7,031</b>	<b>6,948</b>	<b>1%</b>	<b>884</b>	<b>867</b>	<b>2%</b>
DWP Rebates	161	244	-34%	-	-	-	161	244	-34%	16	24	-33%
<b>Total UK Insurance Operations</b>	<b>6,991</b>	<b>7,001</b>	<b>0%</b>	<b>201</b>	<b>191</b>	<b>5%</b>	<b>7,192</b>	<b>7,192</b>	<b>0%</b>	<b>900</b>	<b>891</b>	<b>1%</b>

## PRUDENTIAL PLC - NEW BUSINESS - FULL YEAR 2006

## TOTAL INSURANCE AND INVESTMENT NEW BUSINESS

	UK & Europe			US <sup>(1b)</sup>			Asia <sup>(1b)</sup>			Total		
	FY 2006 £m	FY 2005 £m	+/(%)	FY 2006 £m	FY 2005 £m	+/(%)	FY 2006 £m	FY 2005 £m	+/(%)	FY 2006 £m	FY 2005 £m	+/(%)
Total Insurance Products	7,192	7,193	(0%)	5,981	5,023	19%	1,921	1,484	29%	15,094	13,700	10%
Total Investment Products - Gross Inflows <sup>(2)</sup>	13,486	7,916	70%	-	-	-	20,408	18,457	11%	33,894	26,373	29%
Group Total	20,678	15,109	37%	5,981	5,023	19%	22,329	19,941	12%	48,988	40,073	22%

## INSURANCE OPERATIONS

	Single			Regular			Total			Annual Equivalents <sup>(3)</sup>		
	FY 2006 £m	FY 2005 £m	+/(%)	FY 2006 £m	FY 2005 £m	+/(%)	FY 2006 £m	FY 2005 £m	+/(%)	FY 2006 £m	FY 2005 £m	+/(%)
<b>UK Insurance Operations</b>												
<b>Direct to Customer</b>												
Individual Pensions	14	12	17%	7	8	(13%)	21	20	5%	8	9	(11%)
Life - With Profit Bond	23	15	53%	1	1	0%	24	16	50%	3	3	0%
Life - Other	23	2	1,050%	1	2	(50%)	24	4	500%	3	2	50%
Individual Annuities	816	720	13%	-	-	-	816	720	13%	82	72	14%
Sub-Total	876	749	17%	9	11	(18%)	885	760	16%	97	86	13%
DWP Rebates	161	244	(34%)	-	-	-	161	244	(34%)	16	24	(33%)
Total	1,037	993	4%	9	11	(18%)	1,046	1,004	4%	113	110	3%
<b>Business to Business</b>												
Corporate Pensions	536	242	121%	162	146	11%	698	388	80%	216	170	27%
Individual Annuities	264	212	25%	-	-	-	264	212	25%	26	21	24%
Bulk Annuities	85	511	(83%)	-	-	-	85	511	(83%)	9	51	(82%)
Total	885	965	(8%)	162	146	11%	1,047	1,111	(6%)	251	243	3%
<b>Intermediated Distribution</b>												
Individual Pensions	87	65	34%	18	18	0%	105	83	27%	27	25	8%
Corporate Pensions	43	43	0%	4	7	(43%)	47	50	(6%)	8	11	(27%)
Life - With Profit Bond	202	159	27%	-	-	-	202	159	27%	20	16	25%
Life - Other Bond	693	947	(27%)	-	-	-	693	947	(27%)	69	95	(27%)
Life - Other	66	6	1,000%	5	6	(17%)	71	12	492%	12	7	71%
Individual Annuities	919	995	(8%)	-	-	-	919	995	(8%)	92	100	(8%)
Total	2,010	2,215	(9%)	27	31	(13%)	2,037	2,246	(9%)	228	253	(10%)
<b>Partnerships</b>												
Individual Pensions	1	-	-	-	-	-	1	-	-	-	-	-
Life - With Profit Bond	24	-	-	-	-	-	24	-	-	2	-	-
Life - Other Bond	117	-	-	-	-	-	117	-	-	12	-	-
Life - Other	698	814	(14%)	3	3	0%	701	817	(14%)	73	84	(13%)
Individual Annuities	714	295	142%	-	-	-	714	295	142%	71	30	137%
Bulk Annuities - Reinsurance from Scot Am Insurance Fund	560	-	-	-	-	-	560	-	-	56	-	-
Bulk Annuities	786	1,519	(48%)	-	-	-	786	1,519	(48%)	79	152	(48%)
Total	2,900	2,628	10%	3	3	0%	2,903	2,631	10%	293	266	10%
<b>Total:</b>												
Individual Pensions	102	77	32%	25	26	(4%)	127	103	23%	35	34	3%
Corporate Pensions	579	285	103%	166	153	8%	745	438	70%	224	182	23%
Life - With Profit Bond	249	174	43%	1	1	0%	250	175	43%	26	18	44%
Life - Other Bond	810	947	(14%)	-	-	-	810	947	(14%)	81	95	(15%)
Life - Other	787	822	(4%)	9	11	(18%)	796	833	(4%)	88	93	(5%)
Individual Annuities	2,713	2,222	22%	-	-	-	2,713	2,222	22%	271	222	22%
Bulk Annuities	1,431	2,030	(30%)	-	-	-	1,431	2,030	(30%)	143	203	(30%)
Sub-Total	6,671	6,557	2%	201	191	5%	6,872	6,748	2%	868	847	2%
DWP Rebates	161	244	(34%)	-	-	-	161	244	(34%)	16	24	(33%)
Total UK Insurance Operations	6,832	6,801	0%	201	191	5%	7,033	6,992	1%	884	871	1%
<b>European Insurance Operations <sup>(1b)</sup></b>												
Insurance Products	159	201	(21%)	-	-	-	159	201	(21%)	16	20	(20%)
Total European Insurance Operations	159	201	(21%)	-	-	-	159	201	(21%)	16	20	(20%)
<b>Total UK &amp; Europe Insurance Operations</b>												
	6,991	7,002	(0%)	201	191	5%	7,192	7,193	(0%)	900	891	1%
<b>US Insurance Operations <sup>(1b)</sup></b>												
Fixed Annuities	688	788	(13%)	-	-	-	688	788	(13%)	69	79	(13%)
Fixed Index Annuities	554	616	(10%)	-	-	-	554	616	(10%)	55	62	(11%)
Variable Annuities	3,819	2,605	47%	-	-	-	3,819	2,605	47%	382	261	46%
Life	8	11	(27%)	17	14	21%	25	25	0%	18	15	20%
Sub-Total Retail	5,069	4,020	26%	17	14	21%	5,086	4,034	26%	524	416	26%
Guaranteed Investment Contracts	458	355	29%	-	-	-	458	355	29%	46	36	28%
GIC - Medium Term Note	437	634	(31%)	-	-	-	437	634	(31%)	44	63	(30%)
Total US Insurance Operations	5,964	5,009	19%	17	14	21%	5,981	5,023	19%	613	515	19%
<b>Asian Insurance Operations <sup>(1b)</sup></b>												
China	27	17	59%	36	23	57%	63	40	58%	39	25	56%
Hong Kong	355	289	23%	103	83	24%	458	372	23%	139	112	24%
India <sup>(6)</sup>	20	4	400%	105	57	84%	125	61	105%	107	57	88%
Indonesia	31	42	(26%)	71	42	69%	102	84	21%	74	46	61%
Japan	68	30	127%	7	4	75%	75	34	121%	14	7	100%
Korea	103	29	255%	208	132	58%	311	161	93%	218	135	61%
Malaysia	4	9	(56%)	72	66	9%	76	75	1%	72	67	7%
Singapore	357	284	26%	72	58	24%	429	342	25%	108	86	26%
Taiwan	92	124	(26%)	139	149	(7%)	231	273	(15%)	148	161	(8%)
Other <sup>(4)</sup>	15	9	67%	36	33	9%	51	42	21%	38	34	12%
Total Asian Insurance Operations	1,072	837	28%	849	647	31%	1,921	1,484	29%	956	731	31%
<b>Group Total</b>												
	14,027	12,848	9%	1,067	852	25%	15,094	13,700	10%	2,470	2,137	16%

## PRUDENTIAL PLC - NEW BUSINESS - FULL YEAR 2006

## INVESTMENT OPERATIONS

	Opening FUM £m	Gross Inflows £m	Redemptions £m	Net Inflows £m	Other Movements £m	Market & Currency Movements £m	Net Movement In FUM £m	Closing FUM £m
<b>2006</b>								
<b>M&amp;G</b>								
Retail	14,627	6,722	(3,619)	3,103	-	1,446	4,549	19,176
Institutional <sup>(5)</sup>	21,568	6,764	(3,766)	2,998	140	1,064	4,202	25,770
<b>Total M&amp;G</b>	<b>36,195</b>	<b>13,486</b>	<b>(7,385)</b>	<b>6,101</b>	<b>140</b>	<b>2,510</b>	<b>8,751</b>	<b>44,946</b>
<b>Asia <sup>(10)</sup></b>								
India <sup>(9)</sup>	1,005	982	(680)	302	45	(62)	285	1,290
Taiwan	632	1,185	(866)	319	-	18	337	969
Korea	2,269	2,981	(2,065)	916	(297)	64	683	2,952
Japan	2,695	1,393	(1,026)	367	-	(246)	121	2,816
Other Mutual Fund Operations	1,037	1,005	(619)	386	(1)	46	431	1,468
<b>Total Asian Equity/Bond/Other</b>	<b>7,638</b>	<b>7,546</b>	<b>(5,256)</b>	<b>2,290</b>	<b>(253)</b>	<b>(180)</b>	<b>1,857</b>	<b>9,495</b>
<b>MMF</b>								
India <sup>(9)</sup>	461	8,961	(8,762)	199	(75)	124	248	709
Taiwan	667	1,378	(1,516)	(138)	-	(62)	(200)	467
Korea	534	2,221	(2,122)	99	(17)	(7)	75	609
Other Mutual Fund Operations	143	182	(179)	3	-	(13)	(10)	133
<b>Total Asian MMF</b>	<b>1,805</b>	<b>12,742</b>	<b>(12,579)</b>	<b>163</b>	<b>(92)</b>	<b>42</b>	<b>113</b>	<b>1,918</b>
<b>Total Asia Retail Mutual Funds</b>	<b>9,443</b>	<b>20,288</b>	<b>(17,835)</b>	<b>2,453</b>	<b>(345)</b>	<b>(138)</b>	<b>1,970</b>	<b>11,413</b>
Third Party Institutional Mandates	691	120	(41)	79	-	70	149	840
<b>Total Asian Investment Operations</b>	<b>10,134</b>	<b>20,408</b>	<b>(17,876)</b>	<b>2,532</b>	<b>(345)</b>	<b>(68)</b>	<b>2,119</b>	<b>12,253</b>
<b>Total Investment Products</b>	<b>46,329</b>	<b>33,894</b>	<b>(25,261)</b>	<b>8,633</b>	<b>(205)</b>	<b>2,442</b>	<b>10,870</b>	<b>57,199</b>
<b>2005</b>								
<b>M&amp;G</b>								
Retail	11,613	3,842	(2,497)	1,345	-	1,669	3,014	14,627
Institutional <sup>(5)</sup>	17,092	4,074	(1,557)	2,517	(229)	2,188	4,476	21,568
<b>Total M&amp;G</b>	<b>28,705</b>	<b>7,916</b>	<b>(4,054)</b>	<b>3,862</b>	<b>(229)</b>	<b>3,857</b>	<b>7,490</b>	<b>36,195</b>
<b>Asia <sup>(10)</sup></b>								
India <sup>(9)</sup>	1,231	1,931	(1,770)	161	(669)	282	(226)	1,005
Taiwan	485	555	(563)	(8)	-	155	147	632
Korea	1,089	2,151	(1,363)	788	(15)	407	1,180	2,269
Japan	1,638	1,487	(582)	905	-	152	1,057	2,695
Other Mutual Fund Operations	646	673	(378)	295	-	96	391	1,037
<b>Total Asian Equity/Bond/Other</b>	<b>5,089</b>	<b>6,797</b>	<b>(4,656)</b>	<b>2,141</b>	<b>(684)</b>	<b>1,092</b>	<b>2,549</b>	<b>7,638</b>
<b>MMF</b>								
India <sup>(9)</sup>	913	8,251	(8,264)	(13)	(524)	85	(452)	461
Taiwan	1,312	1,823	(2,561)	(738)	-	93	(645)	667
Korea	338	1,378	(1,240)	138	(6)	64	196	534
Other Mutual Fund Operations	181	206	(255)	(49)	-	11	(38)	143
<b>Total Asian MMF</b>	<b>2,744</b>	<b>11,658</b>	<b>(12,320)</b>	<b>(662)</b>	<b>(530)</b>	<b>253</b>	<b>(939)</b>	<b>1,805</b>
<b>Total Asia Retail Mutual Funds</b>	<b>7,833</b>	<b>18,455</b>	<b>(16,976)</b>	<b>1,479</b>	<b>(1,214)</b>	<b>1,345</b>	<b>1,610</b>	<b>9,443</b>
Third Party Institutional Mandates	705	2	(153)	(151)	-	137	(14)	691
<b>Total Asian Investment Operations</b>	<b>8,538</b>	<b>18,457</b>	<b>(17,129)</b>	<b>1,328</b>	<b>(1,214)</b>	<b>1,482</b>	<b>1,596</b>	<b>10,134</b>
<b>Total Investment Products</b>	<b>37,243</b>	<b>26,373</b>	<b>(21,183)</b>	<b>5,190</b>	<b>(1,443)</b>	<b>5,339</b>	<b>9,086</b>	<b>46,329</b>
<b>2006 Relative to 2005</b>								
<b>M&amp;G</b>								
Retail	26%	75%	(45%)	131%	-	(13%)	51%	31%
Institutional <sup>(5)</sup>	26%	66%	(142%)	19%	161%	(51%)	(6%)	19%
<b>Total M&amp;G</b>	<b>26%</b>	<b>70%</b>	<b>(82%)</b>	<b>58%</b>	<b>161%</b>	<b>(35%)</b>	<b>17%</b>	<b>24%</b>
<b>Asia <sup>(10)</sup></b>								
India <sup>(9)</sup>	(18%)	(49%)	62%	88%	107%	(122%)	226%	28%
Taiwan	30%	114%	(54%)	4,088%	-	(88%)	129%	53%
Korea	108%	39%	(52%)	16%	(1,880%)	(84%)	(42%)	30%
Japan	65%	(6%)	(76%)	(59%)	-	(262%)	(89%)	4%
Other Mutual Fund Operations	61%	49%	(64%)	31%	-	(52%)	10%	42%
<b>Total Asian Equity/Bond/Other</b>	<b>50%</b>	<b>11%</b>	<b>(13%)</b>	<b>7%</b>	<b>63%</b>	<b>(116%)</b>	<b>(27%)</b>	<b>24%</b>
<b>Asia</b>								
India <sup>(9)</sup>	(50%)	9%	(6%)	1,631%	86%	46%	155%	54%
Taiwan	(49%)	(24%)	41%	81%	-	(167%)	69%	(30%)
Korea	58%	61%	(71%)	(28%)	(183%)	(111%)	(62%)	14%
Other Mutual Fund Operations	(21%)	(12%)	30%	106%	-	(218%)	74%	(7%)
<b>Total Asian MMF</b>	<b>(34%)</b>	<b>9%</b>	<b>(2%)</b>	<b>125%</b>	<b>83%</b>	<b>(83%)</b>	<b>112%</b>	<b>6%</b>
<b>Total Asia Retail Mutual Funds</b>	<b>21%</b>	<b>10%</b>	<b>(5%)</b>	<b>66%</b>	<b>72%</b>	<b>(110%)</b>	<b>22%</b>	<b>21%</b>
Third Party Institutional Mandates	(2%)	5,900%	73%	152%	-	(49%)	1,164%	22%
<b>Total Asian Investment Operations</b>	<b>19%</b>	<b>11%</b>	<b>(4%)</b>	<b>91%</b>	<b>72%</b>	<b>(105%)</b>	<b>33%</b>	<b>21%</b>
<b>Total Investment Products</b>	<b>24%</b>	<b>29%</b>	<b>(19%)</b>	<b>66%</b>	<b>86%</b>	<b>(54%)</b>	<b>20%</b>	<b>23%</b>
<b>US <sup>(7)</sup></b>								
<b>Curian Capital</b>								
External Funds Under Administration								
						2006 Q4 YTD £m	2005 Q4 YTD £m	+/- (%)
						1,242	853	46%

## PRUDENTIAL PLC - NEW BUSINESS - QUARTER 4 2006 VERSUS QUARTER 4 2005

## INSURANCE OPERATIONS

	Single			Regular			Total			Annual Equivalents <sup>(3)</sup>		
	Q4 2006 £m	Q4 2005 £m	+/- (%)	Q4 2006 £m	Q4 2005 £m	+/- (%)	Q4 2006 £m	Q4 2005 £m	+/- (%)	Q4 2006 £m	Q4 2005 £m	+/- (%)
<b>UK Insurance Operations</b>												
<b>Direct to Customer</b>												
Individual Pensions	4	2	100%	2	2	0%	6	4	50%	2	2	0%
Life - With Profit Bond	7	4	75%	-	-	-	7	4	75%	1	-	-
Life - Other	10	2	400%	-	-	-	10	2	400%	1	-	-
Individual Annuities	205	178	15%	-	-	-	205	178	15%	21	18	17%
<b>Sub-Total</b>	<b>226</b>	<b>186</b>	<b>22%</b>	<b>2</b>	<b>2</b>	<b>0%</b>	<b>228</b>	<b>188</b>	<b>21%</b>	<b>25</b>	<b>21</b>	<b>19%</b>
DWP Rebates	-	10	-	-	-	-	-	10	-	-	1	-
<b>Total</b>	<b>226</b>	<b>196</b>	<b>15%</b>	<b>2</b>	<b>2</b>	<b>0%</b>	<b>228</b>	<b>198</b>	<b>15%</b>	<b>25</b>	<b>22</b>	<b>14%</b>
<b>Business to Business</b>												
Corporate Pensions	326	81	302%	45	54	(17%)	371	135	175%	78	62	26%
Individual Annuities	91	61	49%	-	-	-	91	61	49%	9	6	50%
Bulk Annuities	40	98	(59%)	-	-	-	40	98	(59%)	4	10	(60%)
<b>Total</b>	<b>457</b>	<b>240</b>	<b>90%</b>	<b>45</b>	<b>54</b>	<b>(17%)</b>	<b>502</b>	<b>294</b>	<b>71%</b>	<b>91</b>	<b>78</b>	<b>17%</b>
<b>Intermediated Distribution</b>												
Individual Pensions	20	15	33%	4	4	0%	24	19	26%	6	6	0%
Corporate Pensions	12	11	9%	1	1	0%	13	12	8%	2	2	0%
Life - With Profit Bond	60	40	50%	-	-	-	60	40	50%	6	4	50%
Life - Other Bond	125	265	(53%)	-	-	-	125	265	(53%)	13	27	(52%)
Life - Other	29	2	1,350%	-	2	-	29	4	625%	3	2	50%
Individual Annuities	368	209	76%	-	-	-	368	209	76%	37	21	76%
<b>Total</b>	<b>614</b>	<b>542</b>	<b>13%</b>	<b>5</b>	<b>7</b>	<b>(29%)</b>	<b>619</b>	<b>549</b>	<b>13%</b>	<b>66</b>	<b>61</b>	<b>8%</b>
<b>Partnerships</b>												
Individual Pensions	(1)	-	-	-	-	-	(1)	-	-	-	-	-
Life - With Profit Bond	13	-	-	-	-	-	13	-	-	1	-	-
Life - Other Bond	16	-	-	-	-	-	16	-	-	2	-	-
Life - Other	201	185	9%	1	1	0%	202	186	9%	21	20	5%
Individual Annuities	171	149	15%	-	-	-	171	149	15%	17	15	13%
Bulk Annuities - Reinsurance from Scot Am Insurance Fund	(32)	-	-	-	-	-	(32)	-	-	(3)	-	-
Bulk Annuities	123	-	-	-	-	-	123	-	-	12	-	-
<b>Total</b>	<b>491</b>	<b>334</b>	<b>47%</b>	<b>1</b>	<b>1</b>	<b>0%</b>	<b>492</b>	<b>335</b>	<b>47%</b>	<b>50</b>	<b>34</b>	<b>47%</b>
<b>Total:</b>												
Individual Pensions	23	17	35%	6	6	0%	29	23	26%	8	8	0%
Corporate Pensions	338	92	267%	46	55	(16%)	384	147	161%	80	64	25%
Life - With Profit Bond	80	44	82%	-	-	-	80	44	82%	8	4	100%
Life - Other Bond	141	265	(47%)	-	-	-	141	265	(47%)	14	27	(48%)
Life - Other	240	189	27%	1	3	(67%)	241	192	26%	25	22	14%
Individual Annuities	835	597	40%	-	-	-	835	597	40%	84	60	40%
Bulk Annuities	131	98	34%	-	-	-	131	98	34%	13	10	30%
	<b>1,788</b>	<b>1,302</b>	<b>37%</b>	<b>53</b>	<b>64</b>	<b>(17%)</b>	<b>1,841</b>	<b>1,366</b>	<b>35%</b>	<b>232</b>	<b>194</b>	<b>20%</b>
DWP Rebates	-	10	-	-	-	-	-	10	-	-	1	-
<b>Total UK Insurance Operations</b>	<b>1,788</b>	<b>1,312</b>	<b>36%</b>	<b>53</b>	<b>64</b>	<b>(17%)</b>	<b>1,841</b>	<b>1,376</b>	<b>34%</b>	<b>232</b>	<b>195</b>	<b>19%</b>
<b>European Insurance Operations</b>												
Insurance Products	44	47	(6%)	-	-	-	44	47	(6%)	4	5	(20%)
<b>Total European Insurance Operations</b>	<b>44</b>	<b>47</b>	<b>(6%)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>44</b>	<b>47</b>	<b>(6%)</b>	<b>4</b>	<b>5</b>	<b>(20%)</b>
<b>Total UK and Europe Insurance Operations</b>												
	<b>1,832</b>	<b>1,359</b>	<b>35%</b>	<b>53</b>	<b>64</b>	<b>(17%)</b>	<b>1,885</b>	<b>1,423</b>	<b>32%</b>	<b>236</b>	<b>200</b>	<b>18%</b>
<b>US Insurance Operations<sup>(8)</sup></b>												
Fixed Annuities	171	149	15%	-	-	-	171	149	15%	17	15	13%
Fixed Index Annuities	118	155	(24%)	-	-	-	118	155	(24%)	12	16	(25%)
Variable Annuities	1,010	735	37%	-	-	-	1,010	735	37%	101	74	36%
Life	2	3	(33%)	4	4	0%	6	7	(14%)	4	4	0%
<b>Sub-Total Retail</b>	<b>1,301</b>	<b>1,042</b>	<b>25%</b>	<b>4</b>	<b>4</b>	<b>0%</b>	<b>1,305</b>	<b>1,046</b>	<b>25%</b>	<b>134</b>	<b>108</b>	<b>24%</b>
Guaranteed Investment Contracts	133	49	171%	-	-	-	133	49	171%	13	5	160%
GIC - Medium Term Note	(6)	9	(167%)	-	-	-	(6)	9	(167%)	(1)	1	(200%)
<b>Total US Insurance Operations</b>	<b>1,428</b>	<b>1,100</b>	<b>30%</b>	<b>4</b>	<b>4</b>	<b>0%</b>	<b>1,432</b>	<b>1,104</b>	<b>30%</b>	<b>147</b>	<b>114</b>	<b>29%</b>
<b>Asian Insurance Operations<sup>(8)</sup></b>												
China	5	8	(38%)	15	8	88%	20	16	25%	16	9	78%
Hong Kong	131	88	49%	35	28	25%	166	116	43%	48	37	30%
India <sup>(6)</sup>	6	1	500%	28	16	75%	34	17	100%	29	16	81%
Indonesia	14	6	133%	22	13	69%	36	19	89%	23	14	64%
Japan	27	11	145%	3	-	-	30	11	173%	6	1	500%
Korea	27	18	50%	53	41	29%	80	59	36%	56	43	30%
Malaysia	1	1	0%	23	20	15%	24	21	14%	23	20	15%
Singapore	87	90	(3%)	25	19	32%	112	109	3%	34	28	21%
Taiwan	34	29	17%	33	40	(18%)	67	69	(3%)	36	43	(16%)
Other <sup>(4)</sup>	6	2	200%	11	9	22%	17	11	55%	12	9	33%
<b>Total Asian Insurance Operations</b>	<b>338</b>	<b>254</b>	<b>33%</b>	<b>248</b>	<b>194</b>	<b>28%</b>	<b>586</b>	<b>448</b>	<b>31%</b>	<b>282</b>	<b>219</b>	<b>29%</b>
<b>Group Total</b>												
	<b>3,598</b>	<b>2,713</b>	<b>33%</b>	<b>305</b>	<b>262</b>	<b>16%</b>	<b>3,903</b>	<b>2,975</b>	<b>31%</b>	<b>665</b>	<b>533</b>	<b>25%</b>

## INVESTMENT OPERATIONS

	M&G			Asia Retail Mutual Funds			Asia Third Party			Total Investment Products		
	Q4 2006 £m	Q4 2005 £m	+/- (%)	Q4 2006 £m	Q4 2005 £m	+/- (%)	Q4 2006 £m	Q4 2005 £m	+/- (%)	Q4 2006 £m	Q4 2005 £m	+/- (%)
<b>Opening FUM</b>	<b>42,258</b>	<b>33,760</b>	<b>25%</b>	<b>10,396</b>	<b>8,605</b>	<b>21%</b>	<b>758</b>	<b>669</b>	<b>13%</b>	<b>53,412</b>	<b>43,034</b>	<b>24%</b>
<b>Gross Inflows</b>	<b>3,505</b>	<b>2,316</b>	<b>51%</b>	<b>5,673</b>	<b>4,075</b>	<b>39%</b>	<b>40</b>	<b>2</b>	<b>1,900%</b>	<b>9,218</b>	<b>6,393</b>	<b>44%</b>
<b>Less Redemptions</b>	<b>(2,514)</b>	<b>(1,189)</b>	<b>(111%)</b>	<b>(4,734)</b>	<b>(3,690)</b>	<b>(28%)</b>	<b>(4)</b>	<b>(3)</b>	<b>(33%)</b>	<b>(7,252)</b>	<b>(4,882)</b>	<b>(49%)</b>
<b>Net Flows</b>	<b>991</b>	<b>1,127</b>	<b>(12%)</b>	<b>939</b>	<b>385</b>	<b>144%</b>	<b>36</b>	<b>(1)</b>	<b>3,700%</b>	<b>1,966</b>	<b>1,511</b>	<b>30%</b>
<b>Other Movements</b>	<b>(6)</b>	<b>(74)</b>	<b>92%</b>	<b>(34)</b>	<b>(6)</b>	<b>(467%)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(40)</b>	<b>(80)</b>	<b>50%</b>
<b>Market And Currency Movements</b>	<b>1,703</b>	<b>1,382</b>	<b>23%</b>	<b>112</b>	<b>459</b>	<b>(76%)</b>	<b>46</b>	<b>23</b>	<b>100%</b>	<b>1,861</b>	<b>1,864</b>	<b>(0%)</b>
<b>Net Movements in FUM</b>	<b>2,688</b>	<b>2,435</b>	<b>10%</b>	<b>1,017</b>	<b>838</b>	<b>21%</b>	<b>82</b>	<b>22</b>	<b>273%</b>	<b>3,787</b>	<b>3,295</b>	<b>15%</b>
<b>Closing FUM</b>	<b>44,946</b>	<b>36,195</b>	<b>24%</b>	<b>11,413</b>	<b>9,443</b>	<b>21%</b>	<b>840</b>	<b>691</b>	<b>22%</b>	<b>57,199</b>	<b>46,329</b>	<b>23%</b>

## PRUDENTIAL PLC - NEW BUSINESS - QUARTER 4 2006 VERSUS QUARTER 3 2006

## INSURANCE OPERATIONS

	Single			Regular			Total			Annual Equivalents <sup>(3)</sup>		
	Q4 2006 £m	Q 3 2006 £m	+/- (%)	Q4 2006 £m	Q 3 2006 £m	+/- (%)	Q4 2006 £m	Q 3 2006 £m	+/- (%)	Q4 2006 £m	Q 3 2006 £m	+/- (%)
<b>UK Insurance Operations</b>												
<b>Direct to Customer</b>												
Individual Pensions	4	2	100%	2	1	100%	6	3	100%	2	1	100%
Life - With Profit Bond	7	6	17%	-	-	-	7	6	17%	1	1	0%
Life - Other	10	4	150%	-	-	-	10	4	150%	1	-	-
Individual Annuities	205	199	3%	-	-	-	205	199	3%	21	20	5%
<b>Sub-Total</b>	<b>226</b>	<b>211</b>	<b>7%</b>	<b>2</b>	<b>1</b>	<b>100%</b>	<b>228</b>	<b>212</b>	<b>8%</b>	<b>25</b>	<b>22</b>	<b>14%</b>
DWP Rebates	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>226</b>	<b>211</b>	<b>7%</b>	<b>2</b>	<b>1</b>	<b>100%</b>	<b>228</b>	<b>212</b>	<b>8%</b>	<b>25</b>	<b>22</b>	<b>14%</b>
<b>Business to Business</b>												
Corporate Pensions	326	32	919%	45	43	5%	371	75	395%	78	46	70%
Individual Annuities	91	71	28%	-	-	-	91	71	28%	9	7	29%
Bulk Annuities	40	22	82%	-	-	-	40	22	82%	4	2	100%
<b>Total</b>	<b>457</b>	<b>125</b>	<b>266%</b>	<b>45</b>	<b>43</b>	<b>5%</b>	<b>502</b>	<b>168</b>	<b>199%</b>	<b>91</b>	<b>56</b>	<b>63%</b>
<b>Intermediated Distribution</b>												
Individual Pensions	20	11	82%	4	5	(20%)	24	16	50%	6	6	0%
Corporate Pensions	12	9	33%	1	1	0%	13	10	30%	2	2	0%
Life - With Profit Bond	60	50	20%	-	-	-	60	50	20%	6	5	20%
Life - Other Bond	125	128	(2%)	-	-	-	125	128	(2%)	13	13	0%
Life - Other	29	19	53%	-	1	-	29	20	45%	3	3	0%
Individual Annuities	368	192	92%	-	-	-	368	192	92%	37	19	95%
<b>Total</b>	<b>614</b>	<b>409</b>	<b>50%</b>	<b>5</b>	<b>7</b>	<b>(29%)</b>	<b>619</b>	<b>416</b>	<b>49%</b>	<b>66</b>	<b>48</b>	<b>38%</b>
<b>Partnerships</b>												
Individual Pensions	(1)	-	-	-	-	-	(1)	-	-	-	-	-
Life - With Profit Bond	13	5	160%	-	-	-	13	5	160%	1	1	0%
Life - Other Bond	16	25	(36%)	-	-	-	16	25	(36%)	2	3	(33%)
Life - Other	201	180	12%	1	1	0%	202	181	12%	21	19	11%
Individual Annuities	171	280	(39%)	-	-	-	171	280	(39%)	17	28	(39%)
Bulk Annuities - Reinsurance from Scot Am Insurance Fund	(32)	-	-	-	-	-	(32)	-	-	(3)	-	-
Bulk Annuities	123	-	-	-	-	-	123	-	-	12	-	-
<b>Total</b>	<b>491</b>	<b>490</b>	<b>0%</b>	<b>1</b>	<b>1</b>	<b>0%</b>	<b>492</b>	<b>491</b>	<b>0%</b>	<b>50</b>	<b>50</b>	<b>0%</b>
<b>Total:</b>												
Individual Pensions	23	13	77%	6	6	0%	29	19	53%	8	7	14%
Corporate Pensions	338	41	724%	46	44	5%	384	85	352%	80	48	67%
Life - With Profit Bond	80	61	31%	-	-	-	80	61	31%	8	6	33%
Life - Other Bond	141	153	(8%)	-	-	-	141	153	(8%)	14	15	(7%)
Life - Other	240	203	18%	1	2	(50%)	241	205	18%	25	22	14%
Individual Annuities	835	742	13%	-	-	-	835	742	13%	84	74	14%
Bulk Annuities	131	22	495%	-	-	-	131	22	495%	13	2	550%
<b>Total</b>	<b>1,788</b>	<b>1,235</b>	<b>45%</b>	<b>53</b>	<b>52</b>	<b>2%</b>	<b>1,841</b>	<b>1,287</b>	<b>43%</b>	<b>232</b>	<b>176</b>	<b>32%</b>
DWP Rebates	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total UK Insurance Operations</b>	<b>1,788</b>	<b>1,235</b>	<b>45%</b>	<b>53</b>	<b>52</b>	<b>2%</b>	<b>1,841</b>	<b>1,287</b>	<b>43%</b>	<b>232</b>	<b>176</b>	<b>32%</b>
<b>European Insurance Operations</b>												
Insurance Products	44	33	33%	-	-	-	44	33	33%	4	3	33%
<b>Total European Insurance Operations</b>	<b>44</b>	<b>33</b>	<b>33%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>44</b>	<b>33</b>	<b>33%</b>	<b>4</b>	<b>3</b>	<b>33%</b>
<b>Total UK and Europe Insurance Operations</b>												
<b>Total</b>	<b>1,832</b>	<b>1,268</b>	<b>44%</b>	<b>53</b>	<b>52</b>	<b>2%</b>	<b>1,885</b>	<b>1,320</b>	<b>43%</b>	<b>236</b>	<b>179</b>	<b>32%</b>
<b>US Insurance Operations <sup>(8)</sup></b>												
Fixed Annuities	171	204	(16%)	-	-	-	171	204	(16%)	17	20	(15%)
Fixed Index Annuities	118	144	(18%)	-	-	-	118	144	(18%)	12	14	(14%)
Variable Annuities	1,010	922	10%	-	-	-	1,010	922	10%	101	92	10%
Life	2	2	0%	4	4	0%	6	6	0%	4	4	0%
<b>Sub-Total Retail</b>	<b>1,301</b>	<b>1,272</b>	<b>2%</b>	<b>4</b>	<b>4</b>	<b>0%</b>	<b>1,305</b>	<b>1,276</b>	<b>2%</b>	<b>134</b>	<b>131</b>	<b>2%</b>
Guaranteed Investment Contracts	133	15	787%	-	-	-	133	15	787%	13	2	550%
GIC - Medium Term Note	(6)	105	(106%)	-	-	-	(6)	105	(106%)	(1)	11	(109%)
<b>Total US Insurance Operations</b>	<b>1,428</b>	<b>1,392</b>	<b>3%</b>	<b>4</b>	<b>4</b>	<b>0%</b>	<b>1,432</b>	<b>1,396</b>	<b>3%</b>	<b>147</b>	<b>143</b>	<b>3%</b>
<b>Asian Insurance Operations <sup>(8)</sup></b>												
China	5	5	0%	15	8	88%	20	13	54%	16	9	78%
Hong Kong	131	85	54%	35	26	35%	166	111	50%	48	35	37%
India <sup>(6)</sup>	6	3	100%	28	22	27%	34	25	36%	29	22	32%
Indonesia	14	6	133%	22	18	22%	36	24	50%	23	19	21%
Japan	27	19	42%	3	2	50%	30	21	43%	6	4	50%
Korea	27	18	50%	53	52	2%	80	70	14%	56	54	4%
Malaysia	1	1	0%	23	18	28%	24	19	26%	23	18	28%
Singapore	87	65	34%	25	18	39%	112	83	35%	34	25	36%
Taiwan	34	11	209%	33	32	3%	67	43	56%	36	33	9%
Other <sup>(4)</sup>	6	3	100%	11	8	38%	17	11	55%	12	8	50%
<b>Total Asian Insurance Operations</b>	<b>338</b>	<b>216</b>	<b>56%</b>	<b>248</b>	<b>204</b>	<b>22%</b>	<b>586</b>	<b>420</b>	<b>40%</b>	<b>282</b>	<b>226</b>	<b>25%</b>
<b>Group Total</b>												
<b>Total</b>	<b>3,598</b>	<b>2,876</b>	<b>25%</b>	<b>305</b>	<b>260</b>	<b>17%</b>	<b>3,903</b>	<b>3,136</b>	<b>24%</b>	<b>665</b>	<b>548</b>	<b>21%</b>

## INVESTMENT OPERATIONS

	M&G		+/- (%)	Asian Retail Mutual Funds			Asia Third Party			Total Investment Products		
	Q4 2006 £m	Q 3 2006 £m		Q4 2006 £m	Q 3 2006 £m	+/- (%)	Q4 2006 £m	Q 3 2006 £m	+/- (%)	Q4 2006 £m	Q 3 2006 £m	+/- (%)
<b>Opening FUM</b>	<b>42,258</b>	<b>40,135</b>	<b>5%</b>	<b>10,396</b>	<b>10,262</b>	<b>1%</b>	<b>758</b>	<b>673</b>	<b>13%</b>	<b>53,412</b>	<b>51,070</b>	<b>5%</b>
<b>Gross Inflows</b>	<b>3,505</b>	<b>3,186</b>	<b>10%</b>	<b>5,673</b>	<b>4,596</b>	<b>23%</b>	<b>40</b>	<b>72</b>	<b>(44%)</b>	<b>9,218</b>	<b>7,854</b>	<b>17%</b>
<b>Less Redemptions</b>	<b>(2,514)</b>	<b>(1,671)</b>	<b>(50%)</b>	<b>(4,734)</b>	<b>(4,790)</b>	<b>1%</b>	<b>(4)</b>	<b>(29)</b>	<b>86%</b>	<b>(7,252)</b>	<b>(6,490)</b>	<b>(12%)</b>
<b>Net Flows</b>	<b>991</b>	<b>1,515</b>	<b>(35%)</b>	<b>939</b>	<b>(194)</b>	<b>584%</b>	<b>36</b>	<b>43</b>	<b>(16%)</b>	<b>1,966</b>	<b>1,364</b>	<b>44%</b>
<b>Other Movements</b>	<b>(6)</b>	<b>104</b>	<b>(106%)</b>	<b>(34)</b>	<b>(41)</b>	<b>17%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(40)</b>	<b>63</b>	<b>(163%)</b>
<b>Market And Currency Movements</b>	<b>1,703</b>	<b>504</b>	<b>238%</b>	<b>112</b>	<b>369</b>	<b>(70%)</b>	<b>46</b>	<b>42</b>	<b>10%</b>	<b>1,861</b>	<b>915</b>	<b>103%</b>
<b>Net Movements in FUM</b>	<b>2,688</b>	<b>2,123</b>	<b>27%</b>	<b>1,017</b>	<b>134</b>	<b>659%</b>	<b>82</b>	<b>85</b>	<b>(4%)</b>	<b>3,787</b>	<b>2,342</b>	<b>62%</b>
<b>Closing FUM</b>	<b>44,946</b>	<b>42,258</b>	<b>6%</b>	<b>11,413</b>	<b>10,396</b>	<b>10%</b>	<b>840</b>	<b>758</b>	<b>11%</b>	<b>57,199</b>	<b>53,412</b>	<b>7%</b>

## PRUDENTIAL PLC - NEW BUSINESS - FULL YEAR 2006

## TOTAL INSURANCE AND INVESTMENT NEW BUSINESS

	UK & Europe			US <sup>(1a)</sup>			Asia <sup>(1a)</sup>			Total		
	FY 2006 £m	FY 2005 £m	+/- (%)	FY 2006 £m	FY 2005 £m	+/- (%)	FY 2006 £m	FY 2005 £m	+/- (%)	FY 2006 £m	FY 2005 £m	+/- (%)
Total Insurance Products	7,192	7,192	0%	5,981	4,958	21%	1,921	1,491	29%	15,094	13,641	11%
Total Investment Products - Gross Inflows <sup>(2)</sup>	13,486	7,916	70%	-	-	-	20,408	18,049	13%	33,894	25,965	31%
Group Total	20,678	15,108	37%	5,981	4,958	21%	22,329	19,540	14%	48,988	39,606	24%

## INSURANCE OPERATIONS

	Single			Regular			Total			PVNBP <sup>(3)</sup>		
	FY 2006 £m	FY 2005 £m	+/- (%)	FY 2006 £m	FY 2005 £m	+/- (%)	FY 2006 £m	FY 2005 £m	+/- (%)	FY 2006 £m	FY 2005 £m	+/- (%)
UK Insurance Operations <sup>(11)</sup>												
Direct to Customer												
Individual Pensions	14	12	17%	7	8	(13%)	21	20	5%	42	43	(2%)
Life - With Profit Bond	23	15	53%	1	1	0%	24	16	50%	29	17	71%
Life - Other	23	2	1,050%	1	2	(50%)	24	4	500%	28	10	180%
Individual Annuities	816	720	13%	-	-	-	816	720	13%	816	720	13%
Sub-Total	876	749	17%	9	11	(18%)	885	760	16%	915	790	16%
DWP Rebates	161	244	(34%)	-	-	-	161	244	(34%)	161	244	(34%)
Total	1,037	993	4%	9	11	(18%)	1,046	1,004	4%	1,076	1,034	4%
Business to Business												
Corporate Pensions	536	242	121%	162	146	11%	698	388	80%	1,071	772	39%
Individual Annuities	264	212	25%	-	-	-	264	212	25%	264	212	25%
Bulk Annuities	85	511	(83%)	-	-	-	85	511	(83%)	85	511	(83%)
Total	885	965	(8%)	162	146	11%	1,047	1,111	(6%)	1,420	1,495	(5%)
Intermediated Distribution												
Individual Pensions	87	65	34%	18	18	0%	105	83	27%	166	128	30%
Corporate Pensions	43	43	0%	4	7	(43%)	47	50	(6%)	62	67	(7%)
Life - With Profit Bond	202	159	27%	-	-	-	202	159	27%	202	159	27%
Life - Other Bond	693	947	(27%)	-	-	-	693	947	(27%)	693	947	(27%)
Life - Other	66	6	1,000%	5	6	(17%)	71	12	492%	100	43	133%
Individual Annuities	919	995	(8%)	-	-	-	919	995	(8%)	919	995	(8%)
Total	2,010	2,215	(9%)	27	31	(13%)	2,037	2,246	(9%)	2,142	2,339	(8%)
Partnerships												
Individual Pensions	1	-	-	-	-	-	1	-	-	1	-	-
Life - With Profit Bond	24	-	-	-	-	-	24	-	-	24	-	-
Life - Other Bond	117	-	-	-	-	-	117	-	-	117	-	-
Life - Other	698	814	(14%)	3	3	0%	701	817	(14%)	713	835	(15%)
Individual Annuities	714	295	142%	-	-	-	714	295	142%	714	295	142%
Bulk Annuities - Reinsurance from Scot Am Insurance Fund	560	-	-	-	-	-	560	-	-	560	-	-
Bulk Annuities	786	1,519	(48%)	-	-	-	786	1,519	(48%)	786	1,519	(48%)
Total	2,900	2,628	10%	3	3	0%	2,903	2,631	10%	2,915	2,649	10%
Total:												
Individual Pensions	102	77	32%	25	26	(4%)	127	103	23%	209	171	22%
Corporate Pensions	579	285	103%	166	153	8%	745	438	70%	1,133	839	35%
Life - With Profit Bond	249	174	43%	1	1	0%	250	175	43%	255	176	45%
Life - Other Bond	810	947	(14%)	-	-	-	810	947	(14%)	810	947	(14%)
Life - Other	787	822	(4%)	9	11	(18%)	796	833	(4%)	841	888	(5%)
Individual Annuities	2,713	2,222	22%	-	-	-	2,713	2,222	22%	2,713	2,222	22%
Bulk Annuities	1,431	2,030	(30%)	-	-	-	1,431	2,030	(30%)	1,431	2,030	(30%)
Sub-Total	6,671	6,557	2%	201	191	5%	6,872	6,748	2%	7,392	7,273	2%
DWP Rebates	161	244	(34%)	-	-	-	161	244	(34%)	161	244	(34%)
Total UK Insurance Operations	6,832	6,801	0%	201	191	5%	7,033	6,992	1%	7,553	7,517	0%
European Insurance Operations <sup>(1a)</sup>												
Insurance Products	159	200	(21%)	-	-	-	159	200	(21%)	159	200	(21%)
Total European Insurance Operations	159	200	(21%)	-	-	-	159	200	(21%)	159	200	(21%)
Total UK & Europe Insurance Operations												
	6,991	7,001	(0%)	201	191	5%	7,192	7,192	0%	7,712	7,717	(0%)
US Insurance Operations <sup>(1a)</sup>												
Fixed Annuities	688	777	(11%)	-	-	-	688	777	(11%)	688	777	(11%)
Fixed Index Annuities	554	608	(9%)	-	-	-	554	608	(9%)	554	608	(9%)
Variable Annuities	3,819	2,572	48%	-	-	-	3,819	2,572	48%	3,819	2,572	48%
Life	8	11	(27%)	17	14	21%	25	25	0%	147	134	10%
Sub-Total Retail	5,069	3,968	28%	17	14	21%	5,086	3,982	28%	5,208	4,091	27%
Guaranteed Investment Contracts	458	350	31%	-	-	-	458	350	31%	458	350	31%
GIC - Medium Term Note	437	626	(30%)	-	-	-	437	626	(30%)	437	627	(30%)
Total US Insurance Operations	5,964	4,944	21%	17	14	21%	5,981	4,958	21%	6,103	5,068	20%
Asian Insurance Operations <sup>(1a)</sup>												
China	27	17	59%	36	23	57%	63	40	58%	198	146	36%
Hong Kong	355	285	25%	103	81	27%	458	366	25%	933	732	27%
India <sup>(6)</sup>	20	4	400%	105	55	91%	125	59	112%	411	207	99%
Indonesia	31	44	(30%)	71	44	61%	102	88	16%	269	195	38%
Japan	68	28	143%	7	3	133%	75	31	142%	97	47	106%
Korea	103	31	232%	208	139	50%	311	170	83%	1,130	613	84%
Malaysia	4	9	(56%)	72	67	7%	76	76	0%	418	391	7%
Singapore	357	293	22%	72	59	22%	429	352	22%	803	728	10%
Taiwan	92	121	(24%)	139	145	(4%)	231	266	(13%)	743	889	(16%)
Other <sup>(4)</sup>	15	9	67%	36	34	6%	51	43	19%	130	127	2%
Total Asian Insurance Operations	1,072	841	27%	849	650	31%	1,921	1,491	29%	5,132	4,075	26%
Group Total												
	14,027	12,786	10%	1,067	855	25%	15,094	13,641	11%	18,947	16,860	12%

## PRUDENTIAL PLC - NEW BUSINESS - FULL YEAR 2006

## TOTAL INSURANCE AND INVESTMENT NEW BUSINESS

	UK & Europe			US <sup>(1b)</sup>			Asia <sup>(1b)</sup>			Total		
	FY 2006 £m	FY 2005 £m	+/-(-%)	FY 2006 £m	FY 2005 £m	+/-(-%)	FY 2006 £m	FY 2005 £m	+/-(-%)	FY 2006 £m	FY 2005 £m	+/-(-%)
Total Insurance Products	7,192	7,193	(0%)	5,981	5,023	19%	1,921	1,484	29%	15,094	13,700	10%
Total Investment Products - Gross Inflows <sup>(2)</sup>	13,486	7,916	70%	-	-	-	20,408	18,457	11%	33,894	26,373	29%
Group Total	20,678	15,109	37%	5,981	5,023	19%	22,329	19,941	12%	48,988	40,073	22%

## INSURANCE OPERATIONS

	Single			Regular			Total			PVNBP <sup>(3)</sup>		
	FY 2006 £m	FY 2005 £m	+/-(-%)	FY 2006 £m	FY 2005 £m	+/-(-%)	FY 2006 £m	FY 2005 £m	+/-(-%)	FY 2006 £m	FY 2005 £m	+/-(-%)
<b>UK Insurance Operations <sup>(11)</sup></b>												
<b>Direct to Customer</b>												
Individual Pensions	14	12	17%	7	8	(13%)	21	20	5%	42	43	(2%)
Life - With Profit Bond	23	15	53%	1	1	0%	24	16	50%	29	17	71%
Life - Other	23	2	1,050%	1	2	(50%)	24	4	500%	28	10	180%
Individual Annuities	816	720	13%	-	-	-	816	720	13%	816	720	13%
<b>Sub-Total</b>	<b>876</b>	<b>749</b>	<b>17%</b>	<b>9</b>	<b>11</b>	<b>(18%)</b>	<b>885</b>	<b>760</b>	<b>16%</b>	<b>915</b>	<b>790</b>	<b>16%</b>
DWP Rebates	161	244	(34%)	-	-	-	161	244	(34%)	161	244	(34%)
<b>Total</b>	<b>1,037</b>	<b>993</b>	<b>4%</b>	<b>9</b>	<b>11</b>	<b>(18%)</b>	<b>1,046</b>	<b>1,004</b>	<b>4%</b>	<b>1,076</b>	<b>1,034</b>	<b>4%</b>
<b>Business to Business</b>												
Corporate Pensions	536	242	121%	162	146	11%	698	388	80%	1,071	772	39%
Individual Annuities	264	212	25%	-	-	-	264	212	25%	264	212	25%
Bulk Annuities	85	511	(83%)	-	-	-	85	511	(83%)	85	511	(83%)
<b>Total</b>	<b>885</b>	<b>965</b>	<b>(8%)</b>	<b>162</b>	<b>146</b>	<b>11%</b>	<b>1,047</b>	<b>1,111</b>	<b>(6%)</b>	<b>1,420</b>	<b>1,495</b>	<b>(5%)</b>
<b>Intermediated Distribution</b>												
Individual Pensions	87	65	34%	18	18	0%	105	83	27%	166	128	30%
Corporate Pensions	43	43	0%	4	7	(43%)	47	50	(6%)	62	67	(7%)
Life - With Profit Bond	202	159	27%	-	-	-	202	159	27%	202	159	27%
Life - Other Bond	693	947	(27%)	-	-	-	693	947	(27%)	693	947	(27%)
Life - Other	66	6	1,000%	5	6	(17%)	71	12	492%	100	43	133%
Individual Annuities	919	995	(8%)	-	-	-	919	995	(8%)	919	995	(8%)
<b>Total</b>	<b>2,010</b>	<b>2,215</b>	<b>(9%)</b>	<b>27</b>	<b>31</b>	<b>(13%)</b>	<b>2,037</b>	<b>2,246</b>	<b>(9%)</b>	<b>2,142</b>	<b>2,339</b>	<b>(8%)</b>
<b>Partnerships</b>												
Individual Pensions	1	-	-	-	-	-	1	-	-	1	-	-
Life - With Profit Bond	24	-	-	-	-	-	24	-	-	24	-	-
Life - Other Bond	117	-	-	-	-	-	117	-	-	117	-	-
Life - Other	698	814	(14%)	3	3	0%	701	817	(14%)	713	835	(15%)
Individual Annuities	714	295	142%	-	-	-	714	295	142%	714	295	142%
Bulk Annuities - Reinsurance from Scot Am Insurance Fund	560	-	-	-	-	-	560	-	-	560	-	-
Bulk Annuities	786	1,519	(48%)	-	-	-	786	1,519	(48%)	786	1,519	(48%)
<b>Total</b>	<b>2,900</b>	<b>2,628</b>	<b>10%</b>	<b>3</b>	<b>3</b>	<b>0%</b>	<b>2,903</b>	<b>2,631</b>	<b>10%</b>	<b>2,915</b>	<b>2,649</b>	<b>10%</b>
<b>Total:</b>												
Individual Pensions	102	77	32%	25	26	(4%)	127	103	23%	209	171	22%
Corporate Pensions	579	285	103%	166	153	8%	745	438	70%	1,133	839	35%
Life - With Profit Bond	249	174	43%	1	1	0%	250	175	43%	255	176	45%
Life - Other Bond	810	947	(14%)	-	-	-	810	947	(14%)	810	947	(14%)
Life - Other	787	822	(4%)	9	11	(18%)	796	833	(4%)	841	888	(5%)
Individual Annuities	2,713	2,222	22%	-	-	-	2,713	2,222	22%	2,713	2,222	22%
Bulk Annuities	1,431	2,030	(30%)	-	-	-	1,431	2,030	(30%)	1,431	2,030	(30%)
<b>Sub-Total</b>	<b>6,671</b>	<b>6,557</b>	<b>2%</b>	<b>201</b>	<b>191</b>	<b>5%</b>	<b>6,872</b>	<b>6,748</b>	<b>2%</b>	<b>7,392</b>	<b>7,273</b>	<b>2%</b>
DWP Rebates	161	244	(34%)	-	-	-	161	244	(34%)	161	244	(34%)
<b>Total UK Insurance Operations</b>	<b>6,832</b>	<b>6,801</b>	<b>0%</b>	<b>201</b>	<b>191</b>	<b>5%</b>	<b>7,033</b>	<b>6,992</b>	<b>1%</b>	<b>7,553</b>	<b>7,517</b>	<b>0%</b>
<b>European Insurance Operations</b>												
Insurance Products	159	201	(21%)	-	-	-	159	201	(21%)	159	201	(21%)
<b>Total European Insurance Operations</b>	<b>159</b>	<b>201</b>	<b>(21%)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>159</b>	<b>201</b>	<b>(21%)</b>	<b>159</b>	<b>201</b>	<b>(21%)</b>
<b>Total UK &amp; Europe Insurance Operations</b>												
<b>6,991</b>	<b>7,002</b>	<b>(0%)</b>	<b>201</b>	<b>191</b>	<b>5%</b>	<b>7,192</b>	<b>7,193</b>	<b>(0%)</b>	<b>7,712</b>	<b>7,718</b>	<b>(0%)</b>	
<b>US Insurance Operations <sup>(1b)</sup></b>												
Fixed Annuities	688	788	(13%)	-	-	-	688	788	(13%)	688	788	(13%)
Fixed Index Annuities	554	616	(10%)	-	-	-	554	616	(10%)	554	616	(10%)
Variable Annuities	3,819	2,605	47%	-	-	-	3,819	2,605	47%	3,819	2,605	47%
Life	8	11	(27%)	17	14	21%	25	25	0%	147	136	8%
<b>Sub-Total Retail</b>	<b>5,069</b>	<b>4,020</b>	<b>26%</b>	<b>17</b>	<b>14</b>	<b>21%</b>	<b>5,086</b>	<b>4,034</b>	<b>26%</b>	<b>5,208</b>	<b>4,145</b>	<b>26%</b>
Guaranteed Investment Contracts	458	355	29%	-	-	-	458	355	29%	458	355	29%
GIC - Medium Term Note	437	634	(31%)	-	-	-	437	634	(31%)	437	635	(31%)
<b>Total US Insurance Operations</b>	<b>5,964</b>	<b>5,009</b>	<b>19%</b>	<b>17</b>	<b>14</b>	<b>21%</b>	<b>5,981</b>	<b>5,023</b>	<b>19%</b>	<b>6,103</b>	<b>5,135</b>	<b>19%</b>
<b>Asian Insurance Operations <sup>(1b)</sup></b>												
China	27	17	59%	36	23	57%	63	40	58%	198	144	38%
Hong Kong	355	289	23%	103	83	24%	458	372	23%	933	741	26%
India <sup>(6)</sup>	20	4	400%	105	57	84%	125	61	105%	411	215	91%
Indonesia	31	42	(26%)	71	42	69%	102	84	21%	269	186	45%
Japan	68	30	127%	7	4	75%	75	34	121%	97	50	94%
Korea	103	29	255%	208	132	58%	311	161	93%	1,130	578	96%
Malaysia	4	9	(56%)	72	66	9%	76	75	1%	418	383	9%
Singapore	357	284	26%	72	58	24%	429	342	25%	803	704	14%
Taiwan	92	124	(26%)	139	149	(7%)	231	273	(15%)	743	912	(19%)
Other <sup>(4)</sup>	15	9	67%	36	33	9%	51	42	21%	130	126	3%
<b>Total Asian Insurance Operations</b>	<b>1,072</b>	<b>837</b>	<b>28%</b>	<b>849</b>	<b>647</b>	<b>31%</b>	<b>1,921</b>	<b>1,484</b>	<b>29%</b>	<b>5,132</b>	<b>4,039</b>	<b>27%</b>
<b>Group Total</b>												
<b>14,027</b>	<b>12,848</b>	<b>9%</b>	<b>1,067</b>	<b>852</b>	<b>25%</b>	<b>15,094</b>	<b>13,700</b>	<b>10%</b>	<b>18,947</b>	<b>16,892</b>	<b>12%</b>	

## PRUDENTIAL PLC - NEW BUSINESS - QUARTER 4 2006 VERSUS QUARTER 4 2005

## INSURANCE OPERATIONS

	Single			Regular			Total			PVNBP <sup>(3)</sup>		
	Q4 2006	Q4 2005	+/(%)	Q4 2006	Q4 2005	+/(%)	Q4 2006	Q4 2005	+/(%)	Q4 2006	Q4 2005	+/(%)
	£m	£m		£m	£m		£m	£m		£m	£m	
UK Insurance Operations												
Direct to Customer												
Individual Pensions	4	2	100%	2	2	0%	6	4	50%	10	10	0%
Life - With Profit Bond	7	4	75%	-	-	-	7	4	75%	9	5	80%
Life - Other	10	2	400%	-	-	-	10	2	400%	11	6	83%
Individual Annuities	205	178	15%	-	-	-	205	178	15%	205	177	16%
Sub-Total	226	186	22%	2	2	0%	228	188	21%	235	198	19%
DWP Rebates	-	10	-	-	-	-	-	10	-	-	10	-
Total	226	196	15%	2	2	0%	228	198	15%	235	208	13%
Business to Business												
Corporate Pensions	326	81	302%	45	54	(17%)	371	135	175%	410	236	74%
Individual Annuities	91	61	49%	-	-	-	91	61	49%	91	61	49%
Bulk Annuities	40	98	(59%)	-	-	-	40	98	(59%)	40	98	(59%)
Total	457	240	90%	45	54	(17%)	502	294	71%	541	395	37%
Intermediated Distribution												
Individual Pensions	20	15	33%	4	4	0%	24	19	26%	43	27	59%
Corporate Pensions	12	11	9%	1	1	0%	13	12	8%	17	15	13%
Life - With Profit Bond	60	40	50%	-	-	-	60	40	50%	60	40	50%
Life - Other Bond	125	265	(53%)	-	-	-	125	265	(53%)	125	265	(53%)
Life - Other	29	2	1,350%	-	2	-	29	4	625%	39	13	200%
Individual Annuities	368	209	76%	-	-	-	368	209	76%	368	210	75%
Total	614	542	13%	5	7	(29%)	619	549	13%	652	570	14%
Partnerships												
Individual Pensions	(1)	-	-	-	-	-	(1)	-	-	(1)	-	-
Life - With Profit Bond	13	-	-	-	-	-	13	-	-	13	-	-
Life - Other Bond	16	-	-	-	-	-	16	-	-	16	-	-
Life - Other	201	185	9%	1	1	0%	202	186	9%	207	194	7%
Individual Annuities	171	149	15%	-	-	-	171	149	15%	171	149	15%
Bulk Annuities - Reinsurance from Scot Am Insurance Fund	(32)	-	-	-	-	-	(32)	-	-	(32)	-	-
Bulk Annuities	123	-	-	-	-	-	123	-	-	123	-	-
Total	491	334	47%	1	1	0%	492	335	47%	497	343	45%
Total:												
Individual Pensions	23	17	35%	6	6	0%	29	23	26%	52	37	41%
Corporate Pensions	338	92	267%	46	55	(16%)	384	147	161%	427	251	70%
Life - With Profit Bond	80	44	82%	-	-	-	80	44	82%	82	45	82%
Life - Other Bond	141	265	(47%)	-	-	-	141	265	(47%)	141	265	(47%)
Life - Other	240	189	27%	1	3	(67%)	241	192	26%	257	213	21%
Individual Annuities	835	597	40%	-	-	-	835	597	40%	835	597	40%
Bulk Annuities	131	98	34%	-	-	-	131	98	34%	131	98	34%
	1,788	1,302	37%	53	64	(17%)	1,841	1,366	35%	1,925	1,506	28%
DWP Rebates	-	10	-	-	-	-	-	10	-	-	10	-
Total UK Insurance Operations	1,788	1,312	36%	53	64	(17%)	1,841	1,376	34%	1,925	1,516	27%
European Insurance Operations												
Insurance Products	44	47	(6%)	-	-	-	44	47	(6%)	44	47	(6%)
Total European Insurance Operations	44	47	(6%)	-	-	-	44	47	(6%)	44	47	(6%)
Total UK and Europe Unsurance Operations												
	1,832	1,359	35%	53	64	(17%)	1,885	1,423	32%	1,969	1,563	26%
US Insurance Operations <sup>(6)</sup>												
Fixed Annuities	171	149	15%	-	-	-	171	149	15%	171	149	15%
Fixed Index Annuities	118	155	(24%)	-	-	-	118	155	(24%)	118	155	(24%)
Variable Annuities	1,010	735	37%	-	-	-	1,010	735	37%	1,010	735	37%
Life	2	3	(33%)	4	4	0%	6	7	(14%)	43	37	16%
Sub-Total Retail	1,301	1,042	25%	4	4	0%	1,305	1,046	25%	1,342	1,076	25%
Guaranteed Investment Contracts	133	49	171%	-	-	-	133	49	171%	133	49	171%
GIC - Medium Term Note	(6)	9	(167%)	-	-	-	(6)	9	(167%)	(6)	9	(167%)
Total US Insurance Operations	1,428	1,100	30%	4	4	0%	1,432	1,104	30%	1,469	1,134	30%
Asian Insurance Operations <sup>(6)</sup>												
China	5	8	(38%)	15	8	88%	20	16	25%	60	49	22%
Hong Kong	131	88	49%	35	28	25%	166	116	43%	324	257	26%
India <sup>(6)</sup>	6	1	500%	28	16	75%	34	17	100%	148	59	151%
Indonesia	14	6	133%	22	13	69%	36	19	89%	87	41	112%
Japan	27	11	145%	3	-	-	30	11	173%	42	13	223%
Korea	27	18	50%	53	41	29%	80	59	36%	400	173	131%
Malaysia	1	1	0%	23	20	15%	24	21	14%	136	123	11%
Singapore	87	90	(3%)	25	19	32%	112	109	3%	237	235	1%
Taiwan	34	29	17%	33	40	(18%)	67	69	(3%)	143	245	(42%)
Other <sup>(6)</sup>	6	2	200%	11	9	22%	17	11	55%	31	32	(3%)
Total Asian Insurance Operations	338	254	33%	248	194	28%	586	448	31%	1,608	1,227	31%
Group Total												
	3,598	2,713	33%	305	262	16%	3,903	2,975	31%	5,046	3,924	29%

## INVESTMENT OPERATIONS

	M&G			Asia Retail Mutual Funds			Asia Third Party			Total Investment Products		
	Q4 2006 £m	Q4 2005 £m	+/- (%)	Q4 2006 £m	Q4 2005 £m	+/- (%)	Q4 2006 £m	Q4 2005 £m	+/- (%)	Q4 2006 £m	Q4 2005 £m	+/- (%)
<b>Opening FUM</b>	<b>42,258</b>	<b>33,760</b>	<b>25%</b>	<b>10,396</b>	<b>8,605</b>	<b>21%</b>	<b>758</b>	<b>669</b>	<b>13%</b>	<b>53,412</b>	<b>43,034</b>	<b>24%</b>
<b>Gross Inflows</b>	<b>3,505</b>	<b>2,316</b>	<b>51%</b>	<b>5,673</b>	<b>4,075</b>	<b>39%</b>	<b>40</b>	<b>2</b>	<b>1,900%</b>	<b>9,218</b>	<b>6,393</b>	<b>44%</b>
<b>Less Redemptions</b>	<b>(2,514)</b>	<b>(1,189)</b>	<b>(111%)</b>	<b>(4,734)</b>	<b>(3,690)</b>	<b>(28%)</b>	<b>(4)</b>	<b>(3)</b>	<b>(33%)</b>	<b>(7,252)</b>	<b>(4,882)</b>	<b>(49%)</b>
<b>Net Flows</b>	<b>991</b>	<b>1,127</b>	<b>(12%)</b>	<b>939</b>	<b>385</b>	<b>144%</b>	<b>36</b>	<b>(1)</b>	<b>3,700%</b>	<b>1,966</b>	<b>1,511</b>	<b>30%</b>
<b>Other Movements</b>	<b>(6)</b>	<b>(74)</b>	<b>92%</b>	<b>(34)</b>	<b>(6)</b>	<b>(467%)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(40)</b>	<b>(80)</b>	<b>50%</b>
<b>Market And Currency Movements</b>	<b>1,703</b>	<b>1,382</b>	<b>23%</b>	<b>112</b>	<b>459</b>	<b>(76%)</b>	<b>46</b>	<b>23</b>	<b>100%</b>	<b>1,861</b>	<b>1,864</b>	<b>(0%)</b>
<b>Net Movements in FUM</b>	<b>2,688</b>	<b>2,435</b>	<b>10%</b>	<b>1,017</b>	<b>838</b>	<b>21%</b>	<b>82</b>	<b>22</b>	<b>273%</b>	<b>3,787</b>	<b>3,295</b>	<b>15%</b>
<b>Closing FUM</b>	<b>44,946</b>	<b>36,195</b>	<b>24%</b>	<b>11,413</b>	<b>9,443</b>	<b>21%</b>	<b>840</b>	<b>691</b>	<b>22%</b>	<b>57,199</b>	<b>46,329</b>	<b>23%</b>

## PRUDENTIAL PLC - NEW BUSINESS - QUARTER 4 2006 VERSUS QUARTER 3 2006

## INSURANCE OPERATIONS

	Single			Regular			Total			PVNBP <sup>(3)</sup>		
	Q4 2006 £m	Q 3 2006 £m	+/- (%)	Q4 2006 £m	Q 3 2006 £m	+/- (%)	Q4 2006 £m	Q 3 2006 £m	+/- (%)	Q4 2006 £m	Q 3 2006 £m	+/- (%)
<b>UK Insurance Operations</b>												
<b>Direct to Customer</b>												
Individual Pensions	4	2	100%	2	1	100%	6	3	100%	10	8	25%
Life - With Profit Bond	7	6	17%	-	-	-	7	6	17%	9	9	0%
Life - Other	10	4	150%	-	-	-	10	4	150%	11	8	38%
Individual Annuities	205	199	3%	-	-	-	205	199	3%	205	199	3%
<b>Sub-Total</b>	<b>226</b>	<b>211</b>	<b>7%</b>	<b>2</b>	<b>1</b>	<b>100%</b>	<b>228</b>	<b>212</b>	<b>8%</b>	<b>235</b>	<b>224</b>	<b>5%</b>
DWP Rebates	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>226</b>	<b>211</b>	<b>7%</b>	<b>2</b>	<b>1</b>	<b>100%</b>	<b>228</b>	<b>212</b>	<b>8%</b>	<b>235</b>	<b>224</b>	<b>5%</b>
<b>Business to Business</b>												
Corporate Pensions	326	32	919%	45	43	5%	371	75	395%	410	209	96%
Individual Annuities	91	71	28%	-	-	-	91	71	28%	91	71	28%
Bulk Annuities	40	22	82%	-	-	-	40	22	82%	40	22	82%
<b>Total</b>	<b>457</b>	<b>125</b>	<b>266%</b>	<b>45</b>	<b>43</b>	<b>5%</b>	<b>502</b>	<b>168</b>	<b>199%</b>	<b>541</b>	<b>302</b>	<b>79%</b>
<b>Intermediated Distribution</b>												
Individual Pensions	20	11	82%	4	5	(20%)	24	16	50%	43	45	(4%)
Corporate Pensions	12	9	33%	1	1	0%	13	10	30%	17	23	(26%)
Life - With Profit Bond	60	50	20%	-	-	-	60	50	20%	60	50	20%
Life - Other Bond	125	128	(2%)	-	-	-	125	128	(2%)	125	128	(2%)
Life - Other	29	19	53%	-	1	-	29	20	45%	39	27	44%
Individual Annuities	368	192	92%	-	-	-	368	192	92%	368	192	92%
<b>Total</b>	<b>614</b>	<b>409</b>	<b>50%</b>	<b>5</b>	<b>7</b>	<b>(29%)</b>	<b>619</b>	<b>416</b>	<b>49%</b>	<b>652</b>	<b>465</b>	<b>40%</b>
<b>Partnerships</b>												
Individual Pensions	(1)	-	-	-	-	-	(1)	-	-	(1)	1	(200%)
Life - With Profit Bond	13	5	160%	-	-	-	13	5	160%	13	5	160%
Life - Other Bond	16	25	(36%)	-	-	-	16	25	(36%)	16	25	(36%)
Life - Other	201	180	12%	1	1	0%	202	181	12%	207	189	10%
Individual Annuities	171	280	(39%)	-	-	-	171	280	(39%)	171	280	(39%)
Bulk Annuities - Reinsurance from Scot Am Insurance Fund	(32)	-	-	-	-	-	(32)	-	-	(32)	-	-
Bulk Annuities	123	-	-	-	-	-	123	-	-	123	-	-
<b>Total</b>	<b>491</b>	<b>490</b>	<b>0%</b>	<b>1</b>	<b>1</b>	<b>0%</b>	<b>492</b>	<b>491</b>	<b>0%</b>	<b>497</b>	<b>500</b>	<b>(1%)</b>
<b>Total:</b>												
Individual Pensions	23	13	77%	6	6	0%	29	19	53%	52	54	(4%)
Corporate Pensions	338	41	724%	46	44	5%	384	85	352%	427	232	84%
Life - With Profit Bond	80	61	31%	-	-	-	80	61	31%	82	64	28%
Life - Other Bond	141	153	(8%)	-	-	-	141	153	(8%)	141	153	(8%)
Life - Other	240	203	18%	1	2	(50%)	241	205	18%	257	224	15%
Individual Annuities	835	742	13%	-	-	-	835	742	13%	835	742	13%
Bulk Annuities	131	22	495%	-	-	-	131	22	495%	131	22	495%
<b>Sub-Total</b>	<b>1,788</b>	<b>1,235</b>	<b>45%</b>	<b>53</b>	<b>52</b>	<b>2%</b>	<b>1,841</b>	<b>1,287</b>	<b>43%</b>	<b>1,925</b>	<b>1,491</b>	<b>29%</b>
DWP Rebates	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total UK Insurance Operations</b>	<b>1,788</b>	<b>1,235</b>	<b>45%</b>	<b>53</b>	<b>52</b>	<b>2%</b>	<b>1,841</b>	<b>1,287</b>	<b>43%</b>	<b>1,925</b>	<b>1,491</b>	<b>29%</b>
<b>European Insurance Operations</b>												
Insurance Products	44	33	33%	-	-	-	44	33	33%	44	33	33%
<b>Total European Insurance Operations</b>	<b>44</b>	<b>33</b>	<b>33%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>44</b>	<b>33</b>	<b>33%</b>	<b>44</b>	<b>33</b>	<b>33%</b>
<b>Total UK and Europe Insurance Operations</b>												
<b>Sub-Total</b>	<b>1,832</b>	<b>1,268</b>	<b>44%</b>	<b>53</b>	<b>52</b>	<b>2%</b>	<b>1,885</b>	<b>1,320</b>	<b>43%</b>	<b>1,969</b>	<b>1,524</b>	<b>29%</b>
<b>US Insurance Operations <sup>(8)</sup></b>												
Fixed Annuities	171	204	(16%)	-	-	-	171	204	(16%)	171	204	(16%)
Fixed Index Annuities	118	144	(18%)	-	-	-	118	144	(18%)	118	144	(18%)
Variable Annuities	1,010	922	10%	-	-	-	1,010	922	10%	1,010	922	10%
Life	2	2	0%	4	4	0%	6	6	0%	43	35	23%
<b>Sub-Total Retail</b>	<b>1,301</b>	<b>1,272</b>	<b>2%</b>	<b>4</b>	<b>4</b>	<b>0%</b>	<b>1,305</b>	<b>1,276</b>	<b>2%</b>	<b>1,342</b>	<b>1,305</b>	<b>3%</b>
Guaranteed Investment Contracts	133	15	787%	-	-	-	133	15	787%	133	15	787%
GIC - Medium Term Note	(6)	105	(106%)	-	-	-	(6)	105	(106%)	(6)	105	(106%)
<b>Total US Insurance Operations</b>	<b>1,428</b>	<b>1,392</b>	<b>3%</b>	<b>4</b>	<b>4</b>	<b>0%</b>	<b>1,432</b>	<b>1,396</b>	<b>3%</b>	<b>1,469</b>	<b>1,425</b>	<b>3%</b>
<b>Asian Insurance Operations <sup>(8)</sup></b>												
China	5	5	0%	15	8	88%	20	13	54%	60	50	20%
Hong Kong	131	85	54%	35	26	35%	166	111	50%	324	248	31%
India <sup>(6)</sup>	6	3	100%	28	22	27%	34	25	36%	148	86	72%
Indonesia	14	6	133%	22	18	22%	36	24	50%	87	66	32%
Japan	27	19	42%	3	2	50%	30	21	43%	42	26	62%
Korea	27	18	50%	53	52	2%	80	70	14%	400	238	68%
Malaysia	1	1	0%	23	18	28%	24	19	26%	136	97	40%
Singapore	87	65	34%	25	18	39%	112	83	35%	237	176	35%
Taiwan	34	11	209%	33	32	3%	67	43	56%	143	180	(21%)
Other <sup>(4)</sup>	6	3	100%	11	8	38%	17	11	55%	31	32	(3%)
<b>Total Asian Insurance Operations</b>	<b>338</b>	<b>216</b>	<b>56%</b>	<b>248</b>	<b>204</b>	<b>22%</b>	<b>586</b>	<b>420</b>	<b>40%</b>	<b>1,608</b>	<b>1,199</b>	<b>34%</b>
<b>Group Total</b>												
<b>Sub-Total</b>	<b>3,598</b>	<b>2,876</b>	<b>25%</b>	<b>305</b>	<b>260</b>	<b>17%</b>	<b>3,903</b>	<b>3,136</b>	<b>24%</b>	<b>5,046</b>	<b>4,148</b>	<b>22%</b>

## INVESTMENT OPERATIONS

	M&G		+/- (%)	Asia Retail Mutual Funds			Asia Third Party			Total Investment Products		
	Q4 2006 £m	Q 3 2006 £m		Q4 2006 £m	Q 3 2006 £m	+/- (%)	Q4 2006 £m	Q 3 2006 £m	+/- (%)	Q4 2006 £m	Q 3 2006 £m	+/- (%)
<b>Opening FUM</b>	<b>42,258</b>	<b>40,135</b>	<b>5%</b>	<b>10,396</b>	<b>10,262</b>	<b>1%</b>	<b>758</b>	<b>673</b>	<b>13%</b>	<b>53,412</b>	<b>51,070</b>	<b>5%</b>
<b>Gross Inflows</b>	<b>3,505</b>	<b>3,186</b>	<b>10%</b>	<b>5,673</b>	<b>4,596</b>	<b>23%</b>	<b>40</b>	<b>72</b>	<b>(44%)</b>	<b>9,218</b>	<b>7,854</b>	<b>17%</b>
<b>Less Redemptions</b>	<b>(2,514)</b>	<b>(1,671)</b>	<b>(50%)</b>	<b>(4,734)</b>	<b>(4,790)</b>	<b>1%</b>	<b>(4)</b>	<b>(29)</b>	<b>86%</b>	<b>(7,252)</b>	<b>(6,490)</b>	<b>(12%)</b>
<b>Net Flows</b>	<b>991</b>	<b>1,515</b>	<b>(35%)</b>	<b>939</b>	<b>(194)</b>	<b>584%</b>	<b>36</b>	<b>43</b>	<b>(16%)</b>	<b>1,966</b>	<b>1,364</b>	<b>44%</b>
<b>Other Movements</b>	<b>(6)</b>	<b>104</b>	<b>(106%)</b>	<b>(34)</b>	<b>(41)</b>	<b>17%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(40)</b>	<b>63</b>	<b>(163%)</b>
<b>Market And Currency Movements</b>	<b>1,703</b>	<b>504</b>	<b>238%</b>	<b>112</b>	<b>369</b>	<b>(70%)</b>	<b>46</b>	<b>42</b>	<b>10%</b>	<b>1,861</b>	<b>915</b>	<b>103%</b>
<b>Net Movements in FUM</b>	<b>2,688</b>	<b>2,123</b>	<b>27%</b>	<b>1,017</b>	<b>134</b>	<b>659%</b>	<b>82</b>	<b>85</b>	<b>(4%)</b>	<b>3,787</b>	<b>2,342</b>	<b>62%</b>
<b>Closing FUM</b>	<b>44,946</b>	<b>42,258</b>	<b>6%</b>	<b>11,413</b>	<b>10,396</b>	<b>10%</b>	<b>840</b>	<b>758</b>	<b>11%</b>	<b>57,199</b>	<b>53,412</b>	<b>7%</b>

## **BASIS OF PREPARATION**

The new business schedules are provided as an indicative volume measure of transactions undertaken in the reporting period that have the potential to generate profits for shareholders. The amounts shown are not, and not intended to be, reflective of premium income recorded in the IFRS income statement.

The schedules include a bulk annuity transaction with the Scottish Amicable Insurance Fund (SAIF). The transaction reflects the arrangement entered into in June 2006 for the reinsurance of non-profit immediate pension annuity liabilities of SAIF to Prudential Retirement Income Limited (PRIL), a shareholder owned subsidiary of the Group. SAIF is a closed ring-fenced sub-fund of the PAC long-term fund established by a Court approved Scheme of Arrangement in October 1997, which is solely for the benefit of SAIF policyholders. Shareholders have no interest in the profits of this fund, although they are entitled to investment management fees on this business. The inclusion of the transaction between SAIF and PRIL as new business reflects the transfer from SAIF policyholders to Prudential shareholders' funds of longevity risk, the requirement to set aside supporting capital, and entitlement to surpluses arising on this block of business arising from the reinsurance arrangement. On an annual equivalent basis, adjustments of £3m have been made to the SAIF reinsurance premium previously reported at £59m at Q2 2006, due to a revaluation of the assets.

The format of the schedules is consistent with the distinction between insurance and investment products as applied for previous financial reporting periods. Products categorised as "insurance" refer to those classified as contracts of long-term insurance business for regulatory reporting purposes, i.e. falling within one of the classes of insurance specified in part II of Schedule 1 to the Regulated Activities Order under FSA regulations.

The details shown for insurance products include contributions for contracts that are classified under IFRS 4 "Insurance Contracts" as not containing significant insurance risk. These products are described as investment contracts or other financial instruments under IFRS. Contracts included in this category are primarily certain unit-linked and similar contracts written in UK Insurance Operations, and Guaranteed Investment Contracts and similar funding agreements written in US operations.

New business premiums for regular premium products are shown on an annualised basis. Department of Work and Pensions pension business is classified as single recurrent business. Internal vesting business is classified as new business where the contracts include an open market option.

UK and Asian investment products referred to in the tables for funds under management above are unit trusts, mutual funds and similar types of retail fund management arrangements. These are unrelated to insurance products that are classified as investment contract under IFRS 4, as described in the preceding paragraph, although similar IFRS recognition and measurement principles apply to the acquisition costs and fees attaching to this type of business.

New Department of Work and Pensions (DWP) rebate business for SAIF is excluded from the new business schedules with comparatives restated accordingly. This is because, as noted above, SAIF is solely for the benefit of SAIF policyholders.

**Notes to Schedules 22 - 30**

<sup>(1a)</sup> Insurance and investment new business for overseas operations has been calculated using constant exchange rates. The applicable rate for Jackson is 1.84.

<sup>(1b)</sup> Insurance and investment new business for overseas operations has been calculated using average exchange rates. The applicable rate for Jackson is 1.84 (2005: 1.82).

<sup>(2)</sup> Represents cash received from sale of investment products.

<sup>(3)</sup> Annual Equivalents, calculated as regular new business contributions plus 10 per cent single new business contributions, are subject to roundings. PVNBPs are calculated as equalling single premiums plus the present value of expected premiums of new regular premium business. In determining the present value, allowance is made for lapses and other assumptions applied in determining the EEV new business profit.

<sup>(4)</sup> In Asia, 'Other' insurance operations include Thailand, the Philippines and Vietnam.

<sup>(5)</sup> Balance includes segregated and pooled pension funds, private finance assets and other institutional clients. Other movements reflect the net flows arising from the cash component of a tactical asset allocation fund managed by PPM South Africa.

<sup>(6)</sup> New business in India is included at Prudential's 26 per cent interest in the India life operation. Mandatory Provident Fund (MPF) product sales in Hong Kong are included at Prudential's 36 per cent interest in the Hong Kong MPF operation.

<sup>(7)</sup> Balance sheet figures have been calculated at the closing exchange rate. The 2005 balance is shown using a constant exchange rate.

<sup>(8)</sup> Sales are converted using the year to date average exchange rate applicable at the time. The sterling results for individual quarters represent the difference between the year to date reported sterling results at successive quarters and will include foreign exchange movements from earlier periods.

<sup>(9)</sup> In August 2005, Prudential's joint venture partner in the Prudential ICICI Asset Management Company purchased an additional 6 per cent share ownership reducing Prudential's stake to 49 per cent. As a result, Prudential no longer consolidates the company as a subsidiary.

<sup>(10)</sup> £289m of FUM reported under Prudential Asian funds operations relates to M&G's products distributed through those Asian operations and this amount is also included in M&G's FUM.

<sup>(11)</sup> The 2005 UK PVNBP result has been adjusted by £125m from £7,593m to £7,718m due to a change in methodology for certain classes of business.