

Date: 14 March 2008

## PRUDENTIAL PLC

### 2007 Results

#### SUPPLEMENTARY INFORMATION

	<u>Schedule</u>
<b>European Embedded Value (EEV) basis results</b>	
Earnings per share	
2007	1.1
2006	1.2
Basis of preparation and economic assumptions	2
Operating profit based on longer-term investment returns	
Summary	3
New business profit and margins	4
Business in force	5
Items excluded from operating profit	6
Tax attributable to shareholders' profit from continuing operations	7
Shareholders' funds	
Summary by business unit	8.1
Reconciliation of movement for 2007	8.2
Reconciliation of 2007 movement in Group net worth and value of in-force business	9
Sensitivity of results to alternative assumptions	10
<b>International Financial Reporting Standards (IFRS) basis results</b>	
Earnings per share	
2007	11.1
2006	11.2
Supplementary analysis of profit from continuing operations before tax attributable to shareholders	12
UK insurance operations - change of mortality assumptions and release of longevity related margins	13
Asset management operations	14
Tax charge attributable to shareholders	15
Shareholders' funds analysis	16
Duration of policyholders liabilities	17
Retirement benefits - financial position of defined benefit pension schemes	18
<b>Other information</b>	
Funds under management	
Summary	19.1
Analysis by business area	19.2
Foreign currency translation	
Rates of exchange	20.1
Results at constant exchange rates	20.2
New business at constant exchange rates	20.3
<b>New Business</b>	
Group Summary and insurance operations - Constant exchange rates (APE)	21
Group Summary and insurance operations - Actual exchange rates (APE)	22
Group Summary - Investment operations	23
Group Summary - Q4 2007 v Q4 2006 (APE)	24
Group Summary - Q4 2007 v Q3 2007 (APE)	25
Group Summary and insurance operations - Constant exchange rates (PVNBP)	26
Group Summary and insurance operations - Actual exchange rates (PVNBP)	27
Group Summary - Q4 2007 v Q4 2006 (PVNBP)	28
Group Summary - Q4 2007 v Q3 2007 (PVNBP)	29
Notes to new business schedules	30

Date: 14 March 2008

**Schedule 1.1**

**2007 Results**

**EEV basis results**

**2007**

	Schedule cross reference	Profit before tax £m	Tax (Schedule 7) £m	Profit after tax £m	Minority interests (note 1.1c) £m	Profit after tax and minority interests £m	Earnings per share (pence)
<b>Basic earnings per share (note 1.1a)</b>							
On operating profit, based on longer-term investment returns, after related tax and minority interests	3	2,542	(694)	1,848	(17)	1,831	74.9p
Adjustment from post-tax longer-term investment returns to post-tax actual investment returns	6	174	(22)	152	(2)	150	6.1p
Adjustment for effect of mark to market value movements on core borrowings (note 1.1b)	6	223	-	223	-	223	9.1p
Adjustment for post-tax effect of shareholders' share of actuarial gains and losses on defined benefit pension schemes	6	116	(32)	84	-	84	3.4p
Adjustment for post-tax effect of changes in economic assumptions and time value of cost of options and guarantees	6	748	(213)	535	(2)	533	21.8p
On profit for the year after tax and minority interests for continuing operations		3,803	(961)	2,842	(21)	2,821	115.3p
On profit for the year after tax and minority interests for discontinued operations (note 1.1d)		222	19	241	-	241	9.9p
On profit for the year after tax and minority interests		4,025	(942)	3,083	(21)	3,062	125.2p

**Notes**

- 1.1a** The average number of shares for 2007 was 2,445 million. 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 or liability has been established on the difference (compared to IFRS) in carrying value. Accordingly, no deferred tax charge is recorded in the results against the 2007 credit.
- 1.1c** The minority interest share of after tax operating profit mainly relates to Asian operations, principally Indonesia and, until the change of management arrangements on 29 September 2007, the Group's life operations in China.
- 1.1d** Discontinued operations relate to Egg.

Date: 14 March 2008

**Schedule 1.2**

**2007 Results**

**EEV basis results**

**2006**

	<b>Schedule cross reference</b>	<b>Profit before tax £m</b>	<b>Tax (Schedule 7) £m</b>	<b>Profit after tax £m</b>	<b>Minority interests £m</b>	<b>Profit after tax and minority interests £m</b>	<b>Earnings per share (pence)</b>
<b>Basic earnings per share (note 1.2a)</b>							
On operating profit, based on longer-term investment returns, after related tax and minority interests	3	2,133	(634)	1,499	(1)	1,498	62.1p
Adjustment from post-tax longer-term investment returns to post-tax actual investment returns	6	738	(212)	526	(2)	524	21.8p
Adjustment for effect of mark to market value movements on core borrowings (note 1.2b)	6	85	-	85	-	85	3.5p
Adjustment for post-tax effect of shareholders' share of actuarial gains and losses on defined benefit pension schemes	6	207	(62)	145	-	145	6.0p
Adjustment for post-tax effect of changes in economic assumptions and time value of cost of options and guarantees	6	59	4	63	-	63	2.6p
On profit for the year after tax and minority interests for continuing operations		3,222	(904)	2,318	(3)	2,315	96.0p
On profit for the year after tax and minority interests for discontinued operations (note 1.2c)		(150)	45	(105)	2	(103)	(4.3)p
On profit for the year after tax and minority interests		3,072	(859)	2,213	(1)	2,212	91.7p

**Notes**

- 1.2a** The average number of shares for 2006 was 2,413 million. 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** 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 or liability has been established on the difference (compared to IFRS) in carrying value. Accordingly, no deferred tax charge is recorded in the results against the 2006 credit.
- 1.2c** Discontinued operations relate to Egg.

**2007 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. These other operations include the results of discontinued banking operations, following the sale of Egg on 1 May 2007.

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 asset 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 Prudential Assurance Company (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 for SAIF policyholders and Prudential shareholders, this arrangement represents a transfer from long-term 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 EEV value of UK operations and included in the total for Other operations. The surplus and deficit amounts are partially attributable to the PAC with-profits fund and shareholder-backed long-term business and partially to other parts of the Group. In addition to the IFRS basis surplus or deficit, the shareholders' 10 per cent share of the PAC with-profits fund's interest in the movement on the financial position of the schemes is recognised for EEV reporting purposes.

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

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 US and UK 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 less established, 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 in respect of each territory are derived by adding a risk premium, also based on the long-term view of Prudential's economists, to the risk-free rate. In Asia, equity risk premiums range from 3.0 per cent to 6.0 per cent (2006: 3.0 per cent to 5.8 per cent). In the US and the UK, the equity risk premium is 4.0 per cent above risk-free rates for both 2007 and 2006. 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 tables below summarise the principal financial assumptions:

**Asian Operations**

	Hong Kong (notes iii, iv, and v)		India	Indonesia	Japan	Malaysia (notes iv, v)		Philippines	Singapore (notes iv, v)	Taiwan (notes ii, v)	Thailand	Vietnam
31 Dec 2007	China %	%	%	%	%	%	%	%	%	%	%	%
Risk discount rate:												
New business	11.75	5.7	15.75	16.75	5.1	9.7	9.3	15.75	6.4	9.1	13.0	16.75
In force	11.75	6.0	15.75	16.75	5.1	9.7	9.1	15.75	6.8	9.8	13.0	16.75
Expected long-term rate of inflation	4.0	2.25	5.0	6.0	0.0	2.75	2.75	5.0	1.75	2.25	3.0	6.0
Government bond yield	8.25	4.1	9.25	10.25	2.0	5.8	6.5	9.25	4.25	5.5	6.75	10.25

	Hong Kong (notes iii, iv, and v)		India	Indonesia	Japan	Malaysia (notes iv, v)		Philippines	Singapore (notes iv, v)	Taiwan (notes ii, v)	Thailand	Vietnam
31 Dec 2006	China %	%	%	%	%	%	%	%	%	%	%	%
Risk discount rate:												
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

	Asia total 31 Dec 2007 %		Asia total 31 Dec 2006 %
Weighted risk discount rate (note (i))			
New business	9.5		9.8
In force	8.7		8.8

**Notes****Asian operations - economic assumptions**

- (i) The weighted risk discount rates for Asian operations shown above have been determined by weighting each country's risk 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 2007 and 2006 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 at 31 December 2007 of around 2.5 per cent (2006: around 2 per cent) trend towards 5.5 per cent at 3 December 2013.

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 0.5 per cent for 2007 to 6.4 per cent for 2014. The assumed Fund Earned Rate increases to 2.5 per cent in 2008 and then increases to 3.3 per cent by 2013. Thereafter, the assumed Fund Earned Rate fluctuates around a target of 6.4 per cent. This projection compares with that applied for the 2006 results of a grading from an assumed rate of 2.1 per cent for 2006 to 5.7 per cent for 2014.

Consistent with the EEV methodology applied, a constant discount rate has been applied to the projected cash flows.

- (iii) The assumptions shown are for US dollar denominated business which comprises the largest proportion of the in-force Hong Kong business.
- (iv) The mean equity return assumptions for the most significant equity holdings in the Asian operations were:

	31 Dec 2007 %	31 Dec 2006 %
Hong Kong	8.1	8.7
Malaysia	12.5	12.8
Singapore	9.3	9.3

To obtain the mean, an average over all simulations of the accumulated return at the end of the projection period is calculated. The annual return is then calculated by taking the root of the average accumulated return minus 1.

- (v) For 2007, cash rates rather than government bond yields were used in setting the risk discount rates for Malaysia, Singapore, Taiwan and for Hong Kong dollar denominated business. For 2006, cash rates were used for these operations and for all Hong Kong business (ie. including US dollar denominated business).

	31 Dec 2007 %	31 Dec 2006 %
<b>US operations (Jackson)</b>		
Risk discount rate*:		
New business	7.0	7.6
In force	6.0	6.7
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	4.1	4.8
Pre-tax expected long-term nominal rate of return for US equities	8.1	8.8
Expected long-term rate of inflation	2.4	2.5

\*The risk discount rates at 31 December 2007 for new business and business in force for US operations reflect weighted rates based on underlying rates of 8.1 per cent for variable annuity business and 4.8 per cent for other business. The decrease in the weighted discount rates reflects the decrease in the US 10-year treasury bond rate.

	31 Dec 2007 %	31 Dec 2006 %
<b>UK insurance operations</b>		
Risk discount rate (note (i)):		
New business	7.3	7.8
In force	7.85	8.0
Pre-tax expected long-term nominal rates of investment return:		
UK equities	8.55	8.6
Overseas equities	8.1 to 10.2	8.6 to 9.3
Property	6.8	7.1
Gilts	4.55	4.6
Corporate bonds - with-profits funds (note (ii))	6.0	5.3
- other business	6.25	5.3
Expected long-term rate of inflation	3.2	3.1
Post-tax expected long-term nominal rate of return for the PAC with-profits fund:		
Pension business (where no tax applies)	7.85	7.5
Life business	6.9	6.6
Pre-tax expected long-term nominal rate of return for annuity business (note (iii)):		
- fixed annuities	5.4 to 5.6	5.0 to 5.1
- linked annuities	5.0 to 5.2	4.8 to 5.0

**Notes:**

- (i) The risk discount rates for new business and business in force for UK insurance operations reflect weighted rates based on the type of business.
- (ii) The assumed long-term rate for corporate bonds for 2007 for with-profits business reflects the purchase of credit default swaps.
- (iii) The pre-tax rates of return for annuity business are based on the gross redemption yield on the backing assets net of a best estimate allowance for future defaults.

**(b) Stochastic assumptions**

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.

**Asian operations**

The same asset return models as used in the UK, appropriately calibrated, have been used for the Asian operations as described in UK insurance operations below. The principal asset classes are government and corporate bonds. Equity holdings are much lower than in the UK whilst property holdings do not represent a significant investment asset.

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

The mean stochastic returns are consistent with the mean deterministic returns for each country. The expected volatility of equity returns for both 2007 and 2006 ranges from 18 per cent to 25 per cent and the volatility of government bond yields ranges from 1.3 per cent to 2.5 per cent (2006: 1.4 per cent to 2.5 per cent).

**US operations (Jackson)**

- 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 for both 2007 and 2006 ranges from 18.6 per cent to 28.1 per cent depending on risk class, and the standard deviation of bond returns ranges from 1.4 per cent to 1.7 per cent (2006: 1.4 per cent to 2.0 per cent).

**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.

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

For each projection year, standard deviations have been calculated by taking the square root of the annualised variance of the returns over all the simulations. These have been averaged over all durations in the projection. For equity and property, the standard deviations relate to the total return on these assets. The standard deviations applied to both years are as follows:

	%
Equities:	
UK	18.0
Overseas	16.0
Property	15.0

**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 Asia and the UK, the capital available in the fund is sufficient to meet the encumbered capital requirements.

- Asian operations: the economic capital requirement is substantially higher than local statutory requirements in total. Economic capital requirements vary by territory, but in aggregate, the encumbered capital is equivalent to the amount required under the Insurance Groups Directive (IGD).
- US operations: the level of encumbered capital has been set to an amount at least equal to 235 per cent of the risk-based capital required by the National Association of Insurance Commissioners at the Company Action Level (CAL), which is sufficient to meet the economic capital requirement.
- UK insurance operations: the economic capital requirements for annuity business are fully met by Pillar I requirements being 4 per cent of mathematical reserves, which are also sufficient to meet Pillar II requirements.

**2007 Results****EEV basis results****Summary results**

	Schedule cross reference	2007 £m	2006 £m
<b>Operating profit from continuing operations based on longer-term investment returns before tax (note 3a)</b>			
Profits from:			
New Business	4	1,215	1,039
Business in force	5	1,317	1,184
Long-term business		2,532	2,223
Asia development expenses		(15)	(15)
Other operating results:			
Asian asset management operations		72	50
US broker-dealer and asset management		13	18
Curian		(5)	(8)
M&G		254	204
Other income and expenditure			
Investment return and other income (note 3c)		45	8
Interest payable on core structural borrowings		(168)	(177)
Corporate expenditure:			
Group Head Office		(117)	(83)
Asia Regional Head Office		(38)	(36)
Charges for share-based payments for Prudential schemes		(11)	(10)
Total other income and expenditure		(289)	(298)
Total other operating results		45	(34)
Restructuring costs (note 3d)		(20)	(41)
<b>Total operating profit from continuing operations based on longer-term investment returns before tax</b>		<b>2,542</b>	<b>2,133</b>

**Notes****3a Reconciliation with total profit before tax**

The Group analyses its EEV basis results so as to distinguish operating profit based on longer-term investment returns from other constituent elements of total profit. The other constituent elements i.e. the items excluded from operating profit based on longer-term investment are explained on schedule 6.

**3b Comparative results - discontinued operations**

The results for continuing operations shown above exclude those in respect of discontinued banking operations. On 1 May 2007, the Company sold Egg. Accordingly, the presentation of the comparative results for 2006 has been adjusted from those previously published.

**3c Investment return and other income**

	2007 £m	2006 £m
IFRS basis (as shown on schedule 12)	86	58
Less: Allocation of investment return on centrally held capital in respect of Taiwan business to the operating result of Asian operations	(4)	(18)
Less: Projected asset management result in respect of covered business incorporated in opening EEV value of in-force business	(37)	(32)
EEV basis	45	8

Note: Total EEV basis results for asset 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 asset 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.

**3d Restructuring costs have been incurred as follows:**

	2007 £m	2006 £m
UK insurance operations	8	34
M&G	0	2
Unallocated corporate	12	5
	20	41

The charge of £20 million (2006: £41 million) comprises £19 million (2006: £38 million) recognised on the IFRS basis and an additional £1 million (2006: £3 million) recognised on the EEV basis for the shareholders' share of costs incurred by the PAC with-profits fund.

## 2007 Results

## EEV basis results

## New business profit and margins

	2007			2006		
	Pre-tax (note 4c) £m	Tax £m	Post-tax (schedule 9 notes 9b & 9c) £m	Pre-tax (note 4c) £m	Tax £m	Post-tax (schedule 9 note 9b) £m
Operating profits from new long-term insurance business						
Asian operations	653	(173)	480	514	(141)	373
US operations (note 4b)	285	(100)	185	259	(91)	168
UK insurance operations	277	(77)	200	266	(80)	186
	1,215	(350)	865	1,039	(312)	727

## Margins on new business premiums

2007	New Business Premiums (note 4d)		Annual Premium and Contribution Equivalent (APE)	Present Value of New Business Premiums (PVNBP)	Pre-Tax New Business Contribution	New Business Margin (note 4e)	
	Single £m	Regular £m	£m	£m	£m	(APE) %	(PVNBP) %
Asian operations (notes 4a and 4g)	1,820	1,124	1,306	7,007	653	50	9.3
US operations	6,515	19	671	6,666	285	42	4.3
UK insurance operations (note 4h)	6,632	234	897	7,629	277	31	3.6
Total	14,967	1,377	2,874	21,302	1,215	42	5.7

  

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

## Notes

4a	New business margin (APE)	
	2007 %	2006 %
Asian operations		
Hong Kong	73	69
Korea	37	35
Taiwan	58	55
India	12	23
China	50	43
Other	61	72
Weighted average for all Asian operations	50	54

  

4b	US operations - net of tax profits from new long-term insurance business	
	2007 £m	2006 £m
Before capital charge	197	182
Capital charge (see schedule 8.1 note 8.1a)	(12)	(14)
After capital charge	185	168

  

4c	Profits from asset management of covered business	
	2007 £m	2006 £m
Asian operations	44	23
US operations	1	2
UK insurance operations	11	9
	56	34

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 (DWP) 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 and Contribution 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 equalling 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.

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.

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

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

The tables for 2006 include a bulk annuity transaction with the Scottish Amicable Insurance Fund (SAIF) with a premium of £560 million. 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 and, accordingly, it is not part of covered business for EEV reporting purposes. Consistent with this treatment, and the transfer of the longevity risk, requirement for capital support and entitlement to profits on this block of business from SAIF to Prudential shareholders, the transaction has been accounted for as new business for EEV basis reporting purposes.

4g Subsequent to 29 September 2007, following expiry of the previous management agreement, CITIC - Prudential Life Insurance Company Ltd (CITIC-Prudential), the Group's life operation in China, has been accounted for as a joint venture. Prior to this date, CITIC-Prudential was consolidated as a subsidiary undertaking. The amounts in the table above include 100% of the total premiums for this operation up to 29 September 2007 and 50% thereafter, being the Group's share after this date.

4h The tables above include the transfer of 62,000 with-profits annuity policies from Equitable life on 31 December 2007 with assets of approximately £1.7 billion. The transfer represented an APE of £174 million.



**2007 Results****EEV basis results**

	2007 £m	2006 £m
<b>Operating profit from business in force</b>		
<b>Asian operations (note 5b)</b>		
Unwind of discount and other expected returns (note 5a)	340	254
Changes in operating assumptions (note 5b(i))	54	45
Experience variances and other items (note 5b(ii))	(1)	16
	393	315
<b>US operations (note 5c)</b>		
Unwind of discount and other expected returns (note 5a):		
On value of in-force business and required capital	187	202
On surplus assets	53	49
Spread experience variance	99	118
Amortisation of interest-related realised gains and losses	37	45
Changes in operating assumptions	(24)	(7)
Other items (note 5c)	(10)	42
	342	449
<b>UK insurance operations (note 5d)</b>		
Unwind of discount and other expected returns (note 5a)	592	530
Effect of change in UK corporate tax rate (note 5d(i))	67	-
Annuity business (note 5d(ii)):		
Mortality strengthening	(312)	-
Release of margins	312	-
	0	-
Other items (notes 5d(iii) and (iv))	(77)	(110)
	582	420
<b>Total</b>	<b>1,317</b>	<b>1,184</b>

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

For Asian operations and UK insurance operations, the 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 fund and the expected return on shareholders' assets held in other UK long-term business operations. Surplus assets retained within the PAC with-profits 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 US operations the return on surplus assets is shown separately.

**5b Asian operations****(i) Changes in operating assumptions**

The £54 million profit from the effect of changes in operating assumptions for 2007 includes a benefit arising from reductions in corporate tax rates in China, Malaysia and Singapore. After grossing up the net of tax benefits totalling £25 million for notional tax of £7 million, the effect on the pre-tax operating results based on longer-term investment returns for Asian operations for 2007 is a credit of £32 million. Also included is a credit of £51 million for the effect of changes in expense assumptions, mainly relating to Singapore (£37 million) and Korea (£21 million) both due to increases in investment margins, a further credit of £17 million for the effect of changes in mortality and morbidity assumptions, offset by a charge of £51 million for the effect of changes in persistency assumptions mainly arising in Singapore (£29 million) as a result of changes in a number of product-related features and updated maturity assumptions and in Taiwan (£15 million) from an increase in lapse rates, reflecting recent experience.

The £45 million profit from the effect of changes in operating assumptions for 2006 for Asian operations includes £24 million in respect of higher assumed investment management margins based on current experience, a further £24 million for the net effect of altered lapse rates across a number of territories, and similarly a net £20 million for changes to mortality and morbidity assumptions offset by a charge of £23 million for other items.

**(ii) Experience variances and other items**

Experience variances and other items, a net charge of £1 million for 2007 (2006: credit of £16 million), include a credit of £47 million (2006: £35 million) for mortality and morbidity experience variance relating to better than expected experience across most territories and a charge of £27 million (2006: £26 million) for expense experience variances in China of £12 million (2006: £14 million) and India of £15 million (2006: £12 million). The negative expense variances in China and India 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 levels for India and existing China operations are planned to be attained in 2011. Also for 2007 there is a charge of £11 million in respect of Vietnam for higher than expected investment fees payable on asset managers' performance, a credit of £4 million (2006: £18 million) in respect of the investment return on capital held centrally in respect of Taiwan and £14 million (2006: £11 million) of other charges.

**5c US operations (Jackson) - other items**

The principal component of the £42 million credit in 2006 for other items is £31 million of favourable mortality experience variance.

**5d UK insurance operations****(i) Effect of change in UK corporate tax rate**

At 31 December 2007, a change to reduce the UK corporate tax rate from 30 per cent to 28 per cent in 2008 had been enacted in the legislative process. Accordingly, the 2007 results incorporate the effects of this change in projecting the tax cash flows attaching to in-force business. Under the convention applied for EEV basis reporting, profits are generally determined on a post-tax basis and then grossed up at the prevailing corporate tax rates to derive pre-tax results. The effect of the change in the UK corporate tax rate is to give rise to a benefit to the value of business in force at 1 January 2007 of £48 million. After grossing up this amount for notional tax of £19 million, the effect on the pre-tax operating results based on longer-term investment returns for UK insurance operations for 2007 is a credit of £67 million.

**(ii) Annuity business**

For UK insurance operations there is a net nil charge or credit for both the 2007 and 2006 results. However, the 2007 results for annuity business have been determined after a strengthening of explicit mortality assumptions and the release of excess margins in the aggregate liabilities that had previously been set aside as an indirect extra allowance for longevity related risks.

The overall impact of the assumption changes and release of margins for 2007 is as follows:

	£m
Strengthening of mortality assumptions (note (a))	(312)
Release of margins:	
Projected benefit related (note (b))	144
Investment related (note (c))	82
Expense related (note (d))	29
Other (note (e))	57
	312
	0

(a) The mortality assumptions have been strengthened such that the previous future improvement assumptions of medium cohorts for males and 75 per cent of medium cohort for females are now subject to a minimum level of improvement in future years.

(b) The release of projected benefit related margins relates to modelling improvements that have been made during 2007 and the effect of hedging inflationary increases on certain deferred annuity business.

(c) The release of investment related margins predominantly relates to £38 million in respect of default margins and £43 million for adjustments to the assumed liquidity premium. The resulting assumptions for expected defaults and liquidity premium, after allowing for the release of margins, remain appropriate given economic conditions at 31 December 2007.

(d) A release of expense reserves has been made following recent expense reductions on which the related cost of capital on the EEV basis is £29 million.

(e) This amount reflects the release of other additional margins in the liabilities that are no longer appropriate in light of the explicit strengthening of the mortality assumptions.

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

	2007 £m	2006 £m
Cost of development of new products and distribution capabilities (and costs associated with regulatory requirements for 2006)	(36)	(32)
Annual licence fee payments (note (a))	(13)	(14)
Expense overruns in respect of tariff agreement with SAIF (note (b))	(14)	(16)
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 (d))	(14)	(22)
	(77)	(110)

(a) The licence fee payments are made by shareholder-backed subsidiaries of UK insurance operations, via a service company, to the PAC with-profits 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.

(b) The charge of £14 million (2006: £16 million) in respect of SAIF, which is not covered business, is borne by a service company and arises from a tariff arrangement which ran to the end of 2007 and was onerous to shareholders.

(c) Charges in respect of items (a) and (b) are reflected in the EEV and IFRS results on an annual basis.

(d) The charge for other items includes a positive persistency experience variance of £1 million (2006: negative variance of £9 million).

**(iv) Expense assumptions**

The 2006 EEV basis financial statements included note disclosure which explained that, in determining the appropriate expense assumptions, 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 and the effect of the end to end review of the UK business, which was underway at the time.

On 29 January 2007 the Company announced the sale of Egg to Citi and on 15 March 2007 the Company announced the actions necessary to implement the reassessed plans in light of this transaction and additional initiatives. In preparing the 2006 results, account was taken of the effect of expense savings that were expected to arise with some certainty. Without this factor the effect on the 2006 results would have been a charge of £44 million for the net effect of revised assumptions in line with 2006 unit costs. For the 2007 results the unit costs are in line with assumptions and no anticipation of savings has been incorporated.

**2007 Unaudited Interim Results****EEV basis results****Items excluded from operating profit**

	2007 £m	2006 £m
Total EEV profit from continuing operations before tax comprises:		
Operating profit from continuing operations based on longer-term investment returns (as analysed on schedule 3)	2,542	2,133
Items excluded from operating profit:		
Short-term fluctuations in investment returns (note 6a)	174	738
Mark to market value movements on core borrowings (note 6b)	223	85
Shareholders' share of actuarial gains and losses on defined benefit pension schemes (note 6c)	116	207
Effect of changes in economic assumptions and time value of cost of options and guarantees (note 6d)	748	59
<b>Profit from continuing operations before tax</b>	<b>3,803</b>	<b>3,222</b>

**Notes**

6a Short-term fluctuations in investment returns	2007 £m	2006 £m
Long-term business:		
Asian operations (note 6a(i))	226	286
US operations (note 6a(ii))	(9)	63
UK insurance operations (note 6a(iii))	(43)	378
Share of investment return of funds managed by PPM America, that are consolidated into Group results, but attributable to external investors	1	1
Share of profits of venture investment companies and property partnerships of the PAC with-profits fund that are consolidated into the Group results but are attributable to external investors	1	0
Other operations (note 6a(iv))	(2)	10
<b>Total</b>	<b>174</b>	<b>738</b>

**Notes****(i) Asian operations**

The short-term fluctuations for Asian operations of £226 million (2006: £286 million) arose mainly from favourable equity investment performance in most territories, principally in Hong Kong of £102 million (2006: £73 million), Vietnam £66 million (2006: £108 million) and Singapore £38 million (2006: £41 million) offset by a negative fluctuation in Taiwan of £26 million principally due to a £30 million value reduction for an investment in a CDO fund (2006: favourable variance of £46 million).

**(ii) US operations (Jackson) - Summary**

	2007 £m	2006 £m
Actual investment return on investments less long-term returns included within operating profit:		
Actual realised (losses) gains less default assumption and amortisation of interest-related realised gains and losses for fixed maturity securities and related swap transactions	(44)	20
Actual less long-term return on equity-based investments and other items	51	26
Investment return related (loss) 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	(16)	17
	(9)	63

\* This adjustment arises due to the market returns being (lower) higher than the assumed long-term rate of return. This gives rise to (lower) 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 further profitability.

**(iii) UK insurance operations**

The charge for 2007 of £43 million primarily reflects value movements on the bond holdings of PRIL's shareholders' funds due to the net effect of widened credit spreads and reduced interest rates together with the difference between the actual investment return for the with-profit life fund of 7.2 per cent and the gross long-term assumed rate of 7.85 per cent. For 2006, the credit of £378 million reflects the PAC life fund return of 12.4 per cent.

**(iv) Full year 2006 comparatives - discontinued operations**

Comparative figures for 2006 have been adjusted from those previously published to exclude discontinued banking operations.

## 6b Mark to market value movements on core borrowings

	2007	2006
	£m	£m
US operations	9	3
Other operations	214	82
	<b>223</b>	<b>85</b>

Core borrowings of the Group are marked to market value under EEV. The figures in the table above reflect the movement in the difference between market and IFRS carrying value. As the liabilities are generally held to maturity or for the long-term, no deferred tax asset or liability has been established on the difference (compared to IFRS) in carrying value. Accordingly, no deferred tax charge is recorded in the results in respect of the 2007 credit of £223 million (2006: £85 million).

## 6c Actuarial gains and losses on defined benefit pension schemes

The gain of £116 million (2006: gain of £207 million) included within profit before tax reflects the shareholders' share of actuarial gains and losses on the Group's defined benefit pension schemes. On the EEV basis, this gain includes a 10 per cent share of the actuarial gains and losses on the share attributable to the PAC with-profits fund for the Prudential Staff and Scottish Amicable Pension Schemes. The 2007 gains mainly reflect gains due to changes in economic assumptions, partly offset by the effect of strengthened mortality assumptions. The very high level of shareholders' actuarial gains in 2006 reflected 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.

## 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) arises as follows:

	2007			2006		
	Change in economic assumptions	Change in time value of cost of options and guarantees	Total	Change in economic assumptions	Change in time value of cost of options and guarantees	Total
	£m	£m	£m	£m	£m	£m
Asian operations (note 6d(i))	201	9	210	(132)	14	(118)
US operations (note 6d(ii))	81	8	89	(51)	6	(45)
UK insurance operations (note 6d(iii))	466	(17)	449	182	40	222
Total	<b>748</b>	<b>0</b>	<b>748</b>	<b>(1)</b>	<b>60</b>	<b>59</b>

## Notes

- (i) The principal components of the effect of changes in economic assumptions in 2007 of £201 million for Asian operations are credits of £110 million in Taiwan and £80 million in Hong Kong. The increase for Taiwan reflects the combined effect of changes to the projected fund earned rate (as explained in schedule 2), and to economic capital (versus projected), offset by the effect of an increase in the risk discount rate. The increase for Hong Kong reflects a reduction in the risk discount rates for all product lines and an increase in the projected fund earned rate for participating and linked business. The charge of £132 million for 2006 mainly relates to Taiwan where there was a charge of £101 million arising from the delay in the assumed long-term yield projection and the associated effect of this delay on the economic capital requirement.
- (ii) The credit of £81 million for US operations in 2007 arises from the decrease in risk discount rate, partially offset by the negative effect of a reduction in the assumed future rate of return for separate account variable annuity business. Both changes reflect the 0.7 per cent decrease in the 10-year treasury bond rate (as shown in schedule 2).
- (iii) The effect of changes in economic assumptions in 2007 of £466 million for UK insurance operations reflects a 0.35 per cent increase in the fund earned rate arising from the increase in assumed returns on non-UK equities and corporate bond rates which more than offsets the slight reduction in gilt rates (as shown on schedule 2), a partial offset from the cost of credit default swaps of £41 million, and the effect of the risk discount rate for business in force reducing slightly by 0.15 per cent, in a similar way to the fall in gilt rates as also shown in schedule 2.

**2007 Results****EEV basis results**

	<b>2007</b>	<b>2006</b>
	<b>£m</b>	<b>£m</b>
<b>Tax attributable to shareholders' profit from continuing operations (note 7f)</b>		
<u>Tax charge (credit) on operating profit based on longer-term investment returns</u>		
Long-term business (note 7a):		
Asian operations (notes 7b and 7c)	<b>252</b>	222
US operations (note 7e)	<b>197</b>	251
UK insurance operations (notes 7b and 7c)	<b>236</b>	178
	<b>685</b>	651
Other operations	<b>9</b>	(17)
<b>Total tax charge on operating profit from continuing operations based on longer-term investment returns (note 7c)</b>	<b>694</b>	634
<u>Tax charge (credit) on items not included in operating profit</u>		
Tax charge on short-term fluctuations in investment returns	<b>22</b>	212
Tax charge on shareholders' share of actuarial gains and losses on defined benefit pension schemes	<b>32</b>	62
Tax charge (credit) on effect of changes in economic assumptions and time value of cost of options and guarantees (note 7d)	<b>213</b>	(4)
<b>Total tax charge on items not included in operating profit</b>	<b>267</b>	270
<b>Tax charge on profit from continuing operations (including tax on actual investment returns) (note 7f)</b>	<b>961</b>	904

**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. For Asia, this is subject to the availability of taxable profits. For Jackson, the US federal tax rate of 35 per cent 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. In the UK, the effective rate is the UK corporation tax rate of 28 per cent which will take effect from 1 April 2008 (2006: 30 per cent).
- 7b** Including tax relief on Asia development expenses and restructuring costs borne by UK insurance operations.
- 7c** The 2007 tax charge incorporates the notional tax gross up of £26 million attaching to the change of tax rates in China, Malaysia, Singapore and the UK, as detailed in notes 5b and 5d on schedule 5.
- 7d** The tax credit for 2006 on the effect of changes in economic assumptions includes a credit of £9 million in respect of change in the tax rate for Malaysia.
- 7e** The 2006 tax charge for US operations of £251 million includes a charge in respect of prior years of £29 million and a charge of £26 million 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 also resulted in a reallocation from free surplus to the value of in-force business of £44 million.
- 7f** Comparative results for 2006 have been adjusted from those previously published to exclude discontinued banking operations..

## 2007 Results

## EEV basis results

	2007 £m	2006 £m
<b>Shareholders' funds summary</b>		
<b>Asian operations</b>		
Long-term business (note 8.1a)		
Net assets of operations - EEV basis shareholders' funds	3,726	2,548
Acquired goodwill (note 8.1b)	111	111
Asset management (note 8.1c)		
Net assets of operations	111	89
Acquired goodwill (note 8.1b)	61	61
	4,009	2,809
<b>US operations</b>		
Jackson (net of surplus note borrowings of £147 million (2006 : £158 million) (note 8.1d)		
Shareholders' funds before capital charge	3,689	3,420
Capital charge (note 8.1e)	(84)	(117)
EEV basis shareholders' funds	3,605	3,303
Broker-dealer, asset management, and Curian operations (note 8.1c)	81	57
	3,686	3,360
<b>UK insurance operations (notes 8.1a and 8.1f)</b>		
Long-term business operations		
Smoothed shareholders' funds (note 8.1g)	6,031	5,155
Actual shareholders' funds less smoothed shareholders' funds	466	658
EEV basis shareholders' funds	6,497	5,813
<b>M&amp;G (note 8.1c)</b>		
Net assets of operations	271	230
Acquired goodwill (note 8.1b)	1,153	1,153
<b>Egg (note 8.1c and 8.1h)</b>	-	292
	7,921	7,488
<b>Other operations</b>		
Holding company net borrowings at market value (note 8.1d)	(873)	(1,542)
Other net assets (liabilities) (note 8.1c)	36	(232)
	(837)	(1,774)
<b>Total</b>	<b>14,779</b>	<b>11,883</b>

## Notes

- 8.1a** 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 investment earnings (net of tax) on the capital. Where encumbered capital is held within a with-profits 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.
- 8.1b** Under IFRS, goodwill is not amortised, but is subject to impairment testing. Goodwill attaching to venture fund investment subsidiaries of the PAC with-profits fund that are consolidated under IFRS is not included in the table above as the goodwill attaching to these companies is not relevant to the analysis of shareholders' funds.
- 8.1c** With the exception of the share of pension scheme surplus attributable to the PAC with-profits fund, which is included in Other operations' net assets (liabilities) and the borrowings as described in note 8.1d the amounts shown for the items in the table above that are referenced to this note have been determined on the statutory IFRS basis.
- The overall pension scheme surplus, net of tax, attributable to shareholders relating to the Prudential Staff Pension and Scottish Amicable Pension schemes are determined as shown below:

	2007 £m	2006 £m
IFRS basis surplus (relating to shareholder-backed operations)	98	19
Additional EEV surplus (relating to shareholders' 10 per cent share of the IFRS basis surplus (deficit) attributable to the PAC with-profits fund)	31	6
<b>EEV basis</b>	<b>129</b>	<b>25</b>

**8.1d Net core structural borrowings of shareholder-financed operations comprise:**

	IFRS 2007 £m	Mark to market value adjustment 2007 £m	EEV 2007 £m	IFRS 2006 £m	Mark to market value adjustment 2006 £m	EEV 2006 £m
Holding company* cash and short-term investments	1,456	-	1,456	1,119	-	1,119
Core structural borrowings - Central funds (at market value)	(2,367)	38	(2,329)	(2,485)	(176)	(2,661)
Holding company net borrowings	(911)	38	(873)	(1,366)	(176)	(1,542)
Core structural borrowings - Jackson (at market value)	(125)	(22)	(147)	(127)	(31)	(158)
	(1,036)	16	(1,020)	(1,493)	(207)	(1,700)

\*Including central finance subsidiaries

In accordance with EEV Principles core structural borrowings are carried at market value.

- 8.1e** In determining the cost of capital for Jackson, it has been assumed that an amount at least equal to 235 per cent 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's shareholders' funds by £84 million (2006: £117 million).
- 8.1f** The proportion of surplus allocated to shareholders from the UK with-profits business has been based on the present level of 10 per cent. 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.
- 8.1g** UK long-term business smoothed shareholders' funds reflect an adjustment to the PAC with-profits 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.
- 8.1h** On 1 May 2007, the Company sold Egg.

## 2007 Results

## EEV basis results

EEV basis results		Long-term business operations						
	Schedule cross reference	Asian operations £m	US operations £m	UK insurance operations £m	Total long-term business operations £m	Other operations £m	Group Total £m	
Reconciliation of movement in shareholders' funds								
Operating profit from continuing operations based on longer-term investment returns								
Long-term business								
New business	4	653	285	277	1,215		1,215	
Business in force	5	393	342	582	1,317		1,317	
		1,046	627	859	2,532		2,532	
Asia development expenses		(15)			(15)		(15)	
M&G						254	254	
Asian asset management operations						72	72	
US broker-dealer and asset management						13	13	
Curian						(5)	(5)	
Other income and expenditure						(289)	(289)	
Restructuring costs				(8)	(8)	(12)	(20)	
Operating profit from continuing operations based on longer-term investment returns	3	1,031	627	851	2,509	33	2,542	
Short-term fluctuations in investment returns	6	226	(9)	(42)	175	(1)	174	
Mark to market value movements on core borrowings	6		9		9	214	223	
Shareholders' share of actuarial gains and losses on defined benefit pension schemes	6					116	116	
Effect of changes in economic assumptions and time value of cost of options and guarantees	6	210	89	449	748		748	
Profit from continuing operations before tax (including actual investment returns)		1,467	716	1,258	3,441	362	3,803	
Tax (charge) credit attributable to shareholders' profit								
Tax on operating profit		(252)	(197)	(236)	(685)	(9)	(694)	
Tax on short-term fluctuations in investment returns		(43)	3	12	(28)	6	(22)	
Tax on actuarial gains and losses on defined benefit pension schemes						(32)	(32)	
Tax on effect of changes in economic assumptions and time value of cost of options and guarantees		(56)	(31)	(126)	(213)		(213)	
Total tax charge	7	(351)	(225)	(350)	(926)	(35)	(961)	
Discontinued operations, net of tax						241	241	
Minority interests		(15)		(1)	(16)	(5)	(21)	
Profit for the year		1,101	491	907	2,499	563	3,062	
Unrealised valuation movements on Egg securities classified as available-for-sale						(2)	(2)	
Movement on cash flow hedges						(3)	(3)	
Exchange movements (note 8.2a)		80	(53)		27	37	64	
Related tax						3	3	
Intra group dividends (including statutory transfer)		(98)	(123)	(286)	(507)	507		
External dividends						(426)	(426)	
Reserve movements in respect of share-based payments						18	18	
Investment in operations (note 8.2b)		103		95	198	(198)		
Other transfers (note 8.2d)		(8)	0	(32)	(40)	40		
Movement in own shares in respect of share-based payment plans						7	7	
Movement on Prudential plc shares purchased by unit trusts consolidated under IFRS						4	4	
New share capital subscribed						182	182	
Mark to market value movements on Jackson assets backing surplus and required capital			(13)		(13)		(13)	
Net increase in shareholders' equity		1,178	302	684	2,164	732	2,896	
Shareholders' equity at 1 January 2007	8.1	2,548	3,303	5,813	11,664	219	11,883	
Shareholders' equity at 31 December 2007	8.1	3,726	3,605	6,497	13,828	951	14,779	
Analysed as:								
Statutory IFRS basis shareholders' equity	16	1,258	2,690	1,364	5,312	889	6,201	
Additional retained profit on an EEV basis		2,468	915	5,133	8,516	62	8,578	
EEV basis shareholders' equity (note 8.2c)	8.1	3,726	3,605	6,497	13,828	951	14,779	
Components of EEV basis shareholders' equity of long-term business operations:								
Free surplus		49	1,147	272	1,468			
Required capital		907	1,072	891	2,870			
Value of in-force business before deduction of cost of capital and of guarantees		3,245	1,612	5,641	10,498			
Cost of capital		(472)	(84)	(251)	(807)			
Cost of time value of guarantees		(3)	(142)	(56)	(201)			
		3,726	3,605	6,497	13,828			

## Notes

**8.2a** 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 2006 and 2007 exchange rates as applied to shareholders' funds at 1 January 2007 and the difference between 31 December 2007 and average 2007 rates for profits.

**8.2b** Investment in operations reflects increases in share capital. This includes certain non-cash items as a result of timing differences.

**8.2c** For the purposes of the table above, goodwill related to Asia long-term operations (as shown on schedule 8.1) is included in Other operations.

**8.2d** Other transfers (from) to long-term business operations to other operations comprise:

	Asian operations £m	US operations £m	UK insurance operations £m	Total long-term business operations £m
Adjustment for net of tax asset management projected profits of covered business	(9)	(2)	(16)	(27)
Adjustment for investment return, net of related tax, on economic capital for Taiwan operations held centrally	(3)			(3)
Other adjustments	4	2	(16)	(10)
	(8)	0	(32)	(40)

## 2007 Results

## EEV basis results

	Free surplus (note 9g) £m	Required capital £m	Total net worth (note 9d) £m	Value of in-force business (note 9h) £m	Total long-term business £m
<b>Reconciliation of net worth and value of in-force business for 2007 (note 9a)</b>					
<b>Shareholders' equity at 1 January 2007 (note 9i)</b>	1,015	2,866	3,881	7,783	11,664
New business contribution (notes 9b and 9c)	(544)	308	(236)	1,101	865
Existing business - transfer to net worth (note 9e)	963	(225)	738	(738)	0
Other movements (note 9f):					
Expected return on existing business (note 9f)	99	48	147	706	853
Changes in operating assumptions and experience variances (note 9f)	89	(24)	65	41	106
Changes in non-operating assumptions and experience variances and minority interests (note 9f)	136	(77)	59	616	675
	324	(53)	271	1,363	1,634
<b>Profit for the year from long-term business operations</b>	743	30	773	1,726	2,499
Exchange movements	9	(26)	(17)	44	27
Intra group dividends (including statutory transfer) and investment in operations	(246)	-	(246)	(63)	(309)
Mark to market value movements on Jackson assets backing surplus and required capital	(13)	-	(13)	-	(13)
Other transfers from net worth (note 9j)	(40)	-	(40)	-	(40)
<b>Shareholders' equity at 31 December 2007 (note 9i)</b>	1,468	2,870	4,338	9,490	13,828

## Notes

9a All figures shown are net of tax.

9b The movements arising from the new business contribution are as follows:

	2007 (note 9c) £m	2006 £m
Free surplus	(544)	(554)
Required capital	308	383
Total net worth	(236)	(171)
Value of in-force business	1,101	898
Total long-term business (schedule 4)	865	727

9c The new business contribution arises as follows:

	Free surplus (note 9g) £m	Required capital £m	Total net worth (note 9d) £m	Value of in-force business (note 9h) £m	Total long-term business £m
Asian operations	(194)	21	(173)	653	480
US operations	(200)	183	(17)	202	185
UK insurance operations	(150)	104	(46)	246	200
	(544)	308	(236)	1,101	865

9d Net worth is based on statutory solvency capital (or economic capital where higher) and unencumbered capital.

9e Existing business transfer to net worth

	Free surplus (note 9g) £m	Required capital £m	Total net worth (note 9d) £m	Value of in-force business (note 9h) £m	Total long-term business £m
Asian operations	216	(27)	189	(189)	0
US operations	326	(178)	148	(148)	0
UK insurance operations	421	(20)	401	(401)	0
	963	(225)	738	(738)	0



9f Other movements

	Free Surplus (note 9g) £m	Required capital £m	Total net worth (note 9d) £m	Value of in-force business (note 9h) £m	Total long-term business £m
<b>Asian operations</b>					
Expected return on existing business	28	9	37	231	268
Changes in operating assumptions and experience variances	(61)	2	(59)	90	31
Changes in non-operating assumptions and experience variances and minority interests	83	(52)	31	291	322
	50	(41)	9	612	621
<b>US operations</b>					
Expected return on existing business	34	40	74	82	156
Changes in operating assumptions and experience variances	194	(28)	166	(77)	89
Changes in non-operating assumptions and experience variances and minority interests	32	0	32	29	61
	260	12	272	34	306
<b>UK insurance operations</b>					
Expected return on existing business	37	(1)	36	393	429
Changes in operating assumptions and experience variances	(44)	2	(42)	28	(14)
Changes in non-operating assumptions and experience variances and minority interests	21	(25)	(4)	296	292
	14	(24)	(10)	717	707
<b>Total long-term business</b>					
Expected return on existing business	99	48	147	706	853
Changes in operating assumptions and experience variances	89	(24)	65	41	106
Changes in non-operating assumptions and experience variances and minority interests	136	(77)	59	616	675
	324	(53)	271	1,363	1,634

9g Movements in free surplus arising from profit for the year from long-term business operations are as follows:

	Cost of acquiring new business (note 9c) £m	Total in-force transfer to net worth (note 9e) £m	Other movements (note 9f) £m	Increase in free surplus arising from profit in the year £m
Asian operations	(194)	216	50	72
US operations	(200)	326	260	386
UK insurance operations	(150)	421	14	285
	(544)	963	324	743

9h Value of in-force business includes the value of future margins from current in-force business less the cost of holding encumbered capital.

9i Included in EEV basis shareholders' equity of long-term business operations of £13,828 million (2006: £11,664 million) is £349 million (2006: £257 million) in respect of asset management business falling within the scope of covered business as follows:

	2007 £m	2006 £m
Asian operations	204	120
US operations	12	12
UK insurance operations	133	125
	349	257

9j Other transfers from net worth

	2007 (as per note 8.2d on schedule 8.2) £m
Adjustment for net of tax asset management projected profits of covered business	(27)
Adjustment for investment return, net of related tax, on economic capital for Taiwan operations held centrally	(3)
Other adjustments	(10)
	(40)

**2007 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 2007 (31 December 2006) and the new business contribution after the effect of encumbered capital for 2007 and 2006 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.

	Asian operations £m	US operations £m	UK insurance operations £m	Total long-term business operations £m
<b>2007</b>				
<b>New business profit for 2007</b>				
As reported (schedule 4)	653	285	277	1,215
Discount rates - 1% increase	(77)	(29)	(36)	(142)
Interest rates - 1% increase	16	5	(5)	16
Interest rates - 1% decrease	13	(18)	5	0
Equity/property yields - 1% rise	33	30	15	78
<b>Embedded value of long-term operations at 31 December 2007</b>				
As reported (schedule 8.2)	3,726	3,605	6,497	13,828
Discount rates - 1% increase	(386)	(129)	(534)	(1,049)
Interest rates - 1% increase (note 10a)	(29)	(120)	(95)	(244)
Interest rates - 1% decrease (note 10a)	2	17	113	132
Equity/property yields - 1% rise	234	58	405	697
Equity/property market values - 10% fall	(136)	(63)	(519)	(718)
Statutory minimum capital	315	59	8	382

	Asian operations £m	US operations £m	UK insurance operations £m	Total long-term business operations £m
<b>2006</b>				
<b>New business profit for 2006</b>				
As reported (schedule 4)	514	259	266	1,039
Discount rates - 1% increase	(56)	(28)	(46)	(130)
Interest rates - 1% increase	(9)	3	4	(2)
Interest rates - 1% decrease	7	(17)	(11)	(21)
Equity/property yields - 1% rise	23	28	16	67
<b>Embedded value of long-term operations at 31 December 2006</b>				
As reported (schedule 8.2)	2,548	3,303	5,813	11,664
Discount rates - 1% increase	(271)	(127)	(480)	(878)
Interest rates - 1% increase (notes 10a and 10c)	42	(190)	(66)	(214)
Interest rates - 1% decrease (notes 10a and 10c)	(115)	116	69	70
Equity/property yields - 1% rise	154	46	382	582
Equity/property market values - 10% fall	(99)	(58)	(502)	(659)
Statutory minimum capital	391	82	8	481

**Notes****10a Asian operations**

	2007			2006		
	Embedded value of long-term operations £m	Interest rates		Embedded value of long-term operations £m	Interest rates	
		1% increase £m	1% decrease £m		1% increase £m	1% decrease £m
Established markets	2,704	(77)	83	2,039	(55)	45
Taiwan (note 10b)	(12)	67	(91)	(216)	107	(165)
Korea	304	(7)	7	191	(5)	5
Vietnam	234	(5)	5	198	(1)	1
Other	496	(7)	(2)	336	(4)	(1)
Total Asian operations	3,726	(29)	2	2,548	42	(115)

**10b Taiwan sensitivity to starting bond rates (i.e. the starting bond rate for the progression to the assumed long-term rate)**

	2007			2006		
	Embedded value at 31 Dec 2007 £m	1% increase in the starting bond rates £m	1% decrease in the starting bond rates £m	Embedded value at 31 Dec 2006 £m	1% increase in the starting bond rates £m	1% decrease in the starting bond rates £m
Taiwan	(12)	73	(57)	(216)	116	(125)

If it had been assumed in preparing the 2007 results for Taiwan that interest rates remained at the current level of around 2.5% until 31 December 2008 and the progression period in bond yields was delayed by a year so as to end on 31 December 2014, there would have been a reduction in the Taiwan embedded value of £70 million.

**10c UK insurance operations**

2006 comparatives for the sensitivity to interest rate changes have been adjusted from previously published data for the effect of revisions to the calculation for the with-profits fund.

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

The tables below show the sensitivity of the embedded value as at 31 December 2007 (31 December 2006) and the new business contribution after the effect of encumbered capital for 2007 and 2006 to:

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

	Asian operations £m	US operations £m	UK insurance operations £m	Total long-term business operations £m
<b>2007</b>				
<b>New business profit for 2007</b>				
As reported (schedule 4)	653	285	277	1,215
Maintenance expenses - 10% decrease	20	6	8	34
Lapse rates - 10% decrease	62	19	8	89
Mortality and morbidity - 5% decrease	21	4	(14)	11
Change representing effect on:				
Life business	21	4	0	25
Annuity business	0	0	(14)	(14)
<b>Embedded value of long-term operations at 31 December 2007</b>				
As reported (schedule 8.2)	3,726	3,605	6,497	13,828
Maintenance expenses - 10% decrease	54	30	36	120
Lapse rates - 10% decrease	142	123	87	352
Mortality and morbidity - 5% decrease	98	74	(103)	69
Change representing effect on:				
Life business	98	74	9	181
Annuity business	0	0	(112)	(112)
<b>2006</b>				
<b>New business profit for 2006</b>				
As reported (schedule 4)	514	259	266	1,039
Maintenance expenses - 10% decrease	13	6	10	29
Lapse rates - 10% decrease	42	21	8	71
Mortality and morbidity - 5% decrease	14	6	(27)	(7)
Change representing effect on:				
Life business	14	6	1	21
Annuity business	0	0	(28)	(28)
<b>Embedded value of long-term operations at 31 December 2006</b>				
As reported (schedule 8.2)	2,548	3,303	5,813	11,664
Maintenance expenses - 10% decrease	45	32	33	110
Lapse rates - 10% decrease	93	110	75	278
Mortality and morbidity - 5% decrease	77	75	(87)	65
Change representing effect on:				
Life business	77	75	7	159
Annuity business	0	0	(94)	(94)

Date: 14 March 2008

**Schedule 11.1**

**2007 Results**

**IFRS basis results**

**2007**

	Schedule cross reference	Pre-tax (Schedule 12) £m	Tax (Schedule 15) £m	Post-tax £m	Minority interests £m	Post-tax and minority interests £m	Earnings per share (pence)
<b>Basic earnings per share (note 11.1a)</b>							
On operating profit based on longer-term investment returns, after related tax and minority interests		1,213	(383)	830	(4)	826	33.8p
Adjustment from post-tax longer-term investment returns to post-tax actual investment returns		(137)	26	(111)	1	(110)	(4.5)p
Adjustment for post-tax shareholders' share of actuarial gains and losses on defined benefit pension schemes	18	90	(25)	65	-	65	2.6p
On profit for the year after tax and minority interests for continuing operations		1,166	(382)	784	(3)	781	31.9p
On profit for the year after tax and minority interests for discontinued operations (note 11.1b)		222	19	241	-	241	9.9p
On profit for the year after tax and minority interests		1,388	(363)	1,025	(3)	1,022	41.8p

**Notes**

**11.1a** The average number of shares for 2007 was 2,445 million. 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.

**11.1b** Discontinued operations relate to Egg.

Date: 14 March 2008

**Schedule 11.2**

**2007 Results**

**IFRS basis results**

**2006**

	Pre-tax (Schedule 12) £m	Tax (Schedule 15) £m	Post-tax £m	Minority interests £m	Post-tax and minority interests £m	Earnings per share (pence)
<b>Basic earnings per share (note 11.2a)</b>						
On operating profit based on longer-term investment returns, after related tax and minority interests	1,050	(304)	746	(1)	745	30.9p
Adjustment from post-tax longer-term investment returns to post-tax actual investment returns	155	(38)	117	(2)	115	4.8p
Adjustment for post-tax shareholders' share of actuarial gains and losses on defined benefit pension schemes	167	(50)	117	-	117	4.8p
On profit for the year after tax and minority interests for continuing operations	1,372	(392)	980	(3)	977	40.5p
On profit for the year after tax and minority interests for discontinued operations (note 11.2b)	(150)	45	(105)	2	(103)	(4.3)p
On profit for the year after tax and minority interests	1,222	(347)	875	(1)	874	36.2p

**Notes**

**11.2a** The average number of shares for 2006 was 2,413 million. 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.

**11.2b** Discontinued operations relate to Egg.

**2007 Results****IFRS basis results**

<b>Supplementary analysis of profit from continuing operations before tax attributable to shareholders</b>	<b>Schedule cross reference</b>	<b>2007 £m</b>	<b>2006 £m</b>
<b>Asian operations</b>			
Long-term business		<b>189</b>	189
Asset management	14	<b>72</b>	50
Development expenses		<b>(15)</b>	(15)
Total		<b>246</b>	224
<b>US operations</b>			
Jackson (note 12a)		<b>444</b>	398
Broker-dealer and asset management	14	<b>13</b>	18
Curian	14	<b>(5)</b>	(8)
Total		<b>452</b>	408
<b>UK operations</b>			
UK insurance operations		<b>528</b>	500
M&G	14	<b>254</b>	204
Total		<b>782</b>	704
<b>Other income and expenditure</b>			
Investment return and other income		<b>86</b>	58
Interest payable on core structural borrowings		<b>(168)</b>	(177)
Corporate expenditure			
Group Head Office		<b>(117)</b>	(83)
Asia Regional Head Office		<b>(38)</b>	(36)
Charge for share-based payments for Prudential schemes		<b>(11)</b>	(10)
Total		<b>(248)</b>	(248)
Restructuring costs		<b>(19)</b>	(38)
<b>Operating profit from continuing operations based on longer-term investment returns</b>	15	<b>1,213</b>	1,050
Short-term fluctuations in investment returns on shareholder-backed business (note 12a)	15	<b>(137)</b>	155
Shareholders' share of actuarial gains and losses on defined benefit pension schemes	18	<b>90</b>	167
<b>Profit from continuing operations before tax attributable to shareholders</b>	15	<b>1,166</b>	1,372

**Note**

- 12a** Detailed information on the derivation of short-term fluctuations in investment returns and in particular the US insurance operations is contained in sections 4.3 and 4.4 of the separate supplement for Group investments.

**2007 Results****IFRS basis results****UK insurance operations - change of mortality assumptions and release of longevity related margins**

For UK insurance operations, the 2007 results have been determined after making changes to mortality assumptions for the annuity business and other assumptions for the WPSF and releasing excess margins in the aggregate liabilities that had previously been set aside as an indirect extra allowance for longevity related risks.

	With-profits sub-fund £m	Shareholder- backed business £m
Effect of strengthening of mortality assumptions (note 13a)	(435)	(276)
Modelling of management actions (note 13b)	(167)	
Strengthening of other assumptions (note 13c)	(62)	
	(664)	(276)
Release of other margins:		
Projected benefit related (note 13d)	13	104
Investment related: (note 13e)		
Default margins	199	48
Asset management fees	60	-
	259	48
Expense related (notes 13c and 13f)	-	68
Other (notes 13c and 13g)	-	90
	272	310
Net charge to unallocated surplus	(392)	
Net credit to shareholder result		34

**Notes**

**13a** The mortality assumptions have been strengthened by increasing the minimum level of future improvements rate.

The contract liabilities for PAL and PRIL are based on the FSA regulatory solvency basis. The valuation is then modified for IFRS reporting purposes to remove some of the margins for prudence within the assumptions, and contingency reserves, which are required under the solvency basis applied for regulatory purposes, but not for financial accounting.

The contract liabilities are the discounted value of future claim payments, adjusted for investment expenses and future administration costs. The interest rates used for discounting claim payments are derived from the yields on the assets held with an allowance for default risk.

The mortality assumptions are set in light of recent population and internal experience. The assumptions used are percentages of standard actuarial mortality tables with an allowance for future mortality improvements. Where annuities have been sold on an enhanced basis to impaired lives an additional age adjustment is made. The percentages of the standard table used are selected according to the source of business. The range of percentages used is set out in the following tables:

2007	PAL		PRIL	
	Males	Females	Males	Females
In payment	106% – 126% PNMA00 (C = 2000) with medium cohort improvement table with a minimum annual improvement of 2.25% up to age 90, tapering to zero at age 120	84% – 117% PNFA00 (C = 2000) with 75% of medium cohort improvement table with a minimum annual improvement of 1.25% up to age 90, tapering to zero at age 120	99% – 114% PNMA00 (C = 2000) with medium cohort improvement table with a minimum annual improvement of 2.25% up to age 90, tapering to zero at age 120	85% – 103% PNFA00 (C = 2000) with 75% of medium cohort improvement table with a minimum annual improvement of 1.25% up to age 90, tapering to zero at age 120
In deferment	AM92 minus 4 years	AF92 minus 4 years	AM92 minus 4 years	AF92 minus 4 years

  

2006	PAL		PRIL	
	Males	Females	Males	Females
In payment	106% – 126% PNMA00 (C = 2000) with medium cohort improvement table with a minimum annual improvement of 1.25%	84% – 117% PNFA00 (C = 2000) with 75% of medium cohort improvement table with a minimum annual improvement of 0.75%	99% – 114% PNMA00 (C = 2000) with medium cohort improvement table with a minimum annual improvement of 1.25%	85% – 103% PNFA00 (C = 2000) with 75% of medium cohort improvement table with a minimum annual improvement of 0.75%
In deferment	AM92 minus 4 years	AF92 minus 4 years	AM92 minus 4 years	AF92 minus 4 years

**13b** Given the continuing strong financial position of the fund, the assumed management actions relating to with-profits business have been revised in order to better reflect the benefits to policyholders that can be supported by the fund.

**13c** The effects of the strengthening of other assumptions for the WPSF of £62 million is net of a release of PAL's expense reserve of £11 million and other additional margins in PAL's liabilities of £40 million.

- 13d** The release of projected benefit related margins primarily relates to modelling improvements that have been made during 2007.
- 13e** The release of investment related margins includes £48 million in respect of default margins for shareholder-backed business and £199 million for PAL. The resulting assumptions for expected defaults, after allowing for the release of margins, remain appropriate given economic conditions at 31 December 2007. In addition, for PAL, there is a release of £60 million in respect of asset management fees.
- 13f** A release of expense reserves has been made following recent expense reductions.
- 13g** This amount reflects the release of other additional margins in the liabilities that are no longer appropriate in light of the explicit strengthening of the mortality assumptions.

**2006**

For with-profits business, there was no significant change in assumptions in 2006.

There was no change in mortality assumptions for PAL in 2006 which had a material effect on the measurement of the insurance liabilities. Liabilities for PAL were increased by £47 million for the effect of change of assumptions for renewal expenses. As PAL is owned by the WPSF, this change had no effect on shareholder profit.

In 2006, the FSA made regulatory changes for UK regulated shareholder-backed non-participating business. These changes were proposed in the consultative paper CP06/16 and confirmed in December 2006 policy statement PS06/14.

The changes to the FSA rules allow insurance liabilities for this business to incorporate more realism. In particular this is achieved by:

- setting technical provisions for expenses not directly attributable to one particular contract at a homogenous risk group level and not, as previously, at an individual contract level for all non-profit business; and
- recognising the economic effect of making a prudent lapse rate assumption. Previously, no lapses were assumed.

Under IFRS 4, the effect of this change is accounted for as a change in estimate and there is a consequent increase in operating profit based on longer-term investment returns of £46 million.

In addition to the £46 million credit described above, a charge of £4 million was recognised in 2006 for the effect of a change of assumption for renewal and termination expenses mainly in respect of PAC.



**2007 Results****IFRS basis results****Asset management operations**

The profit included in the income statement in respect of asset management operations is as follows:

	M&G £m	US broker- dealer, Curian and asset management £m	Asia asset management £m	<b>Total 2007 £m</b>	Total 2006 £m
Revenue	810	386	201	<b>1,397</b>	1,080
Charges	(547)	(377)	(129)	<b>(1,053)</b>	(797)
<b>Profit before tax</b>	<b>263</b>	<b>9</b>	<b>72</b>	<b>344</b>	<b>283</b>
Comprising:					
Operating profit based on longer-term investment returns (notes 14a and 14b)	254	8	72	<b>334</b>	262
Short-term fluctuations in investment returns	4	1	-	<b>5</b>	-
Actuarial gains on defined benefit pension schemes	5	-	-	<b>5</b>	21
	<b>263</b>	<b>9</b>	<b>72</b>	<b>344</b>	<b>283</b>

**Notes**

14a M&G operating profit based on longer-term investment returns

	<b>2007 £m</b>	2006 £m
Asset management fee income	<b>482</b>	429
Other income	<b>30</b>	27
Staff costs	<b>(224)</b>	(216)
Other costs	<b>(113)</b>	(106)
Underlying profit before performance-related fees	<b>175</b>	134
Performance-related fees	<b>28</b>	27
Operating profit from asset management operation	<b>203</b>	161
Operating profit from Prudential Capital	<b>51</b>	43
Total M&G operating profit based on longer-term investment returns	<b>254</b>	204

The difference between the fees and other income shown above in respect of the asset management operation and the revenue figure for M&G shown in the main table primarily relates to income earned by Prudential Capital and by investment funds controlled by the asset management

14b The operating profit based on longer-term investment returns for 2006 of £262 million comprises the results for M&G, US and Asia asset management operations totalling £264 million (as shown on schedule 12), less a charge of £2 million in respect of restructuring costs borne by M&G.

## 2007 Results

## IFRS basis results

## Reconciliation of tax charge on profits attributable to shareholders for continuing operations

	Long-term business			Other	Total
	UK insurance operations	US insurance operations	Asian insurance operations	operations	(note 15c)
	£m	£m	£m	£m	£m
<b>2007</b>					
Profit before tax attributable to shareholders:					
Operating profit based on longer-term investment returns, net of attributable restructuring costs and development expenses	521	444	174	74	1,213
Short-term fluctuations in investment returns	(47)	(18)	(71)	(1)	(137)
Shareholders' share of actuarial gains and losses on defined benefit pension schemes (schedule 18)	-	-	-	90	90
Total	474	426	103	163	1,166
Expected tax rate (note 15a):					
Operating profit based on longer-term investment returns	30%	35%	21%	28%	30%
Short-term fluctuations in investment returns	30%	35%	25%	28%	28%
Shareholders' share of actuarial gains and losses on defined benefit pension schemes	30%	35%	20%	28%	28%
Total	30%	35%	18%	28%	31%
Expected tax charge based on expected tax rates:					
Operating profit based on longer-term investment returns	(156)	(155)	(37)	(21)	(369)
Short-term fluctuations in investment returns	14	6	18	0	38
Shareholders' share of actuarial gains and losses on defined benefit pension schemes (schedule 18)	-	-	-	(25)	(25)
Total	(142)	(149)	(19)	(46)	(356)
Variance from expected tax charge (note 15b):					
Operating profit based on longer-term investment returns	(25)	22	(12)	1	(14)
Short-term fluctuations in investment returns	(2)	1	(17)	6	(12)
Shareholders' share of actuarial gains and losses on defined benefit pension schemes	-	-	-	-	-
Total	(27)	23	(29)	7	(26)
Actual tax charge:					
Operating profit based on longer-term investment returns	(181)	(133)	(49)	(20)	(383)
Short-term fluctuations in investment returns	12	7	1	6	26
Shareholders' share of actuarial gains and losses on defined benefit pension schemes	-	-	-	(25)	(25)
Total	(169)	(126)	(48)	(39)	(382)
Actual tax rate: operating profit	35%	30%	28%	27%	32%
: total	36%	30%	47%	24%	33%
<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	8	1,050
Short-term fluctuations in investment returns	(43)	53	134	11	155
Shareholders' share of actuarial gains and losses on defined benefit pension schemes	-	-	-	167	167
Total	426	451	309	186	1,372
Expected tax rate (note 15a):					
Operating profit based on longer-term investment returns	30%	35%	25%	30%	31%
Short-term fluctuations in investment returns	30%	35%	25%	30%	27%
Shareholders' share of actuarial 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)	(2)	(326)
Short-term fluctuations in investment returns	13	(19)	(33)	(3)	(42)
Shareholders' share of actuarial gains and losses on defined benefit pension schemes	-	-	-	(50)	(50)
Total	(128)	(158)	(77)	(55)	(418)
Variance from expected tax charge (note 15b):					
Operating profit based on longer-term investment returns	23	5	(10)	4	22
Short-term fluctuations in investment returns	(4)	3	5	-	4
Shareholders' share of actuarial gains and losses on defined benefit pension schemes	-	-	-	-	-
Total	19	8	(5)	4	26
Actual tax charge:					
Operating profit based on longer-term investment returns	(118)	(134)	(54)	2	(304)
Short-term fluctuations in investment returns	9	(16)	(28)	(3)	(38)
Shareholders' share of actuarial gains and losses on defined benefit pension schemes	-	-	-	(50)	(50)
Total	(109)	(150)	(82)	(51)	(392)
Actual tax rate: operating profit	25%	34%	31%	25%	29%
: total	26%	33%	27%	27%	29%

**Notes**

**15a 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.

Expected tax rates for 2007 for Asia are lower than in 2006 due to an increased proportion of profits in low tax jurisdictions.

The expected tax rate for Other operations is lower than 2006. The tax rate of 28% reflects the mix of business between UK and overseas operations which are taxed at a variety of rates. The rate will fluctuate from year to year dependent on the mix of profits between jurisdictions.

**15b Variances from expected tax charge for results attributable to shareholders**

For 2007, the principal variances arise from differences between the standard corporation tax rate and actual rates due to a number of factors, including:

- (a) For UK insurance operations, disallowed expenses and prior year adjustments arising from routine revisions of tax returns;
- (b) For Jackson, the benefit of a deduction from taxable income of a proportion of dividends received attributable to the variable annuity business;
- (c) For Asian long-term operations, tax losses in several jurisdictions which are not expected to be available for relief against future profits, and losses on investments in jurisdictions which do not provide corresponding tax relief; and
- (d) For Other operations, the availability of capital losses brought forward on which no deferred tax had previously been recognised, which have been used against capital gains in the period.

For 2006, the principal variances arise from differences between the expected 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; and
- (b) Prior year adjustments arising from routine revisions of tax returns.

**15c** The results for continuing operations shown above exclude those in respect of discontinued banking operations. Comparative results for 2006 have been adjusted accordingly from those previously published.

**2007 Results****IFRS basis results**

	2007 £m	2006 £m
<b>Shareholders' funds analysis</b>		
<b>Asian operations</b>		
Long-term business		
Net assets of operation	1,258	1,176
Acquired goodwill	111	111
	1,369	1,287
Asset management		
Net assets of operation	111	89
Acquired goodwill	61	61
	172	150
Total	1,541	1,437
<b>US operations</b>		
Jackson (net of surplus note borrowings) (note 16a)	2,690	2,656
Broker-dealer, asset management and Curian operations	81	57
Total	2,771	2,713
<b>UK operations</b>		
Long-term business	1,364	1,263
M&G		
Net assets of operation	271	230
Acquired goodwill	1,153	1,153
	1,424	1,383
Egg (note 16b)	-	292
Total	2,788	2,938
<b>Other operations</b>		
Holding company net borrowings (note 16a)	(911)	(1,366)
Shareholders' share of surplus on the Prudential Staff and Scottish Amicable defined benefit pension schemes (net of tax) (note 18b of schedule 18)	98	19
Other net liabilities	(86)	(253)
Total	(899)	(1,600)
<b>Total</b>	<b>6,201</b>	<b>5,488</b>

**Notes****16a** Net core structural borrowings of shareholder-financed operations comprise:

	2007 £m	2006* £m
Holding company cash and short-term investments	1,456	1,119
Core structural borrowings - Central funds	(2,367)	(2,485)
Holding company net borrowings	(911)	(1,366)
Core structural borrowings - Jackson surplus note	(125)	(127)
	(1,036)	(1,493)

\* Excluding borrowings for Egg

**16b** On 1 May 2007, the Company sold Egg.

## 2007 Results

## IFRS basis results

## Duration of policyholder liabilities

The Group's liabilities to policyholders at 31 December 2007 as included in the Group balance sheet comprise:

	UK insurance operations (note 17a) £m	US insurance operations (note 17b) £m	Asian insurance operations (note 17c) £m	Total £m
Insurance contract liabilities	82,798	32,926	16,912	132,636
Investment contract liabilities with discretionary participation features	29,466	-	84	29,550
Investment contract liabilities without discretionary participation features	12,073	1,922	37	14,032
	<b>124,337</b>	<b>34,848</b>	<b>17,033</b>	<b>176,218</b>

The tables below show the carrying value of the policyholder liabilities. Separately, the Group uses cash flow projections of expected benefit payments as part of the determination of the value of in-force business when preparing EEV basis results. The tables below also show the maturity profile of the cash flows used for 2007 for that purpose for insurance contracts, as defined by IFRS, i.e. those containing significant insurance risk, and investment contracts, which do not.

The cash flow projections of expected benefit payments used in the maturity profile tables are from value of in-force business and exclude the value of future new business, including vesting of internal pension contracts.

## Notes

## 17a UK insurance operations

	With-profits business			Annuity business (Insurance contracts)			Other			Total
	Insurance contracts £m	Investment contracts £m	Total £m	PAL £m	PRIL £m	Total £m	Insurance contracts £m	Investment contracts £m	Total £m	
<b>2007</b>										
Policyholder liabilities	47,915	29,480	77,395	12,564	13,402	25,966	8,917	12,059	20,976	124,337
	%	%	%	%	%	%	%	%	%	
Expected maturity:										
0 to 5 years	47	25	38	32	31	32	32	31	31	
5 to 10 years	27	23	26	24	23	24	23	22	23	
10 to 15 years	13	19	16	18	17	17	18	20	19	
15 to 20 years	7	15	10	12	12	12	12	13	12	
20 to 25 years	4	11	6	7	8	7	8	6	7	
Over 25 years	2	7	4	7	9	8	7	8	8	

(i) With the exception of most unitised with-profits bonds and other whole of life contracts the majority of the contracts of the UK insurance operations have a contract term. However, in effect, the maturity term of contracts reflects the earlier of death, maturity, or lapsation. In addition, with-profit contract liabilities include projected future bonuses based on current investment values. The actual amounts payable will vary with future investment performance of SAIF and the WPSF.

(ii) Benefit payments do not reflect the pattern of bonuses and shareholder transfers in respect of the with-profits business.

(iii) Investment contracts under Other comprise certain unit-linked and similar contracts accounted for under IAS 39 and IAS 18.

(iv) For business with no maturity term included within the contracts, for example with-profits investment bonds such as Prudence Bond, an assumption is made as to likely duration based on prior experience.

## 17b US insurance operations

	Fixed annuity and other business (including GICs and similar contracts)* £m	Variable annuity £m	Total £m
<b>2007</b>			
Policyholder liabilities	19,821	15,027	34,848
	%	%	
Expected maturity:			
0 to 5 years	51	48	
5 to 10 years	26	30	
10 to 15 years	11	13	
15 to 20 years	5	6	
20 to 25 years	3	2	
Over 25 years	4	1	

\*Insurance contract liabilities of £17,899m and liabilities of investment contracts without discretionary participation features of £1,922m.

## 17c Asian insurance operations

The Group uses cash flow projections of expected benefit payments as part of the determination of the value of in-force business when preparing EEV basis results. The maturity profile of the cash flows, taking account of expected future premiums and investment returns, is as follows:

	£m
<b>2007</b>	
Policyholder liabilities	17,033
	%
Expected maturity:	
0 to 5 years	22
5 to 10 years	22
10 to 15 years	16
15 to 20 years	13
20 to 25 years	9
Over 25 years	18

## 2007 Results

## IFRS basis results

Retirement benefits - summary of financial position of defined benefit pension schemes (note 18a)	(Charge) credit to income statement				
	Surplus (deficit) in schemes at 1 Jan 2007 £m	Operating results (based on longer-term investment returns) (note 18c) £m	Actuarial gains and losses (note 18d) £m	Contributions paid £m	Surplus (deficit) in schemes at 31 Dec 2007 £m
Prudential Staff Pension Scheme (PSPS)	141	3	302	82	528
Other defined benefit schemes (note 18b)	(76)	(17)	(7)	19	(81)
Net Group surplus (note 18g)	65	(14)	295	101	447
Less: amount attributable to PAC with-profits fund (note 18f)	(73)	(9)	(205)	(51)	(338)
Shareholders' share:					
Pre-tax (deficit) surplus	(8)	(23)	90	50	109
Related tax	0	6	(25)	(14)	(33)
Net of shareholders' tax	(8)	(17)	65	36	76

## 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 2007, M&G Pension Scheme and Prudential Staff Pension Scheme (PSPS) had invested £172 million and £140 million 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 2007 of £71 million gross of tax. There is also a small scheme in Taiwan, which at 31 December 2007 had a deficit gross of tax of £10 million.

The shareholders' share of the aggregate surplus for PSPS and the Scottish Amicable Scheme at 31 December 2007 was £98 million (net of related tax) and is recorded within the Other operations shareholders' funds shown on schedule 16. The difference of £22 million to the £76 million shown above is represented by £12 million for M&G and by £10 million for the Taiwan scheme.

**18c** The components of the charge to operating profit (gross of allocation of the share attributable to the PAC with-profits fund) are as follows:

	£m
Current service cost	(58)
Finance expense (income):	
Interest on liabilities	(265)
Expected return on assets	309
<b>Total charge</b>	<b>(14)</b>

The expected return on plan assets applied for 2007 was 5.9 per cent 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	(8)
Gains on changes of assumptions for liabilities	317
Experience losses on liabilities	(14)
<b>Total credit</b>	<b>295</b>

The credit for actuarial gains and losses is recorded within the income statement but, within the supplementary analysis of profit, it is excluded from operating profit based on longer-term investment returns, as shown on schedule 11.1.

The gains on changes of assumptions for liabilities reflect gains due to changes in economic assumptions of £509 million which more than offset the actuarial losses of £192 million from the effect of strengthened mortality assumptions for the UK pension schemes.

**18e** The actuarial assumptions applied to the UK schemes are as follows:

	1 January 2007	31 December 2007
	%	%
Discount rate	5.2	5.9
Rate of increase in salaries	5.0	5.3
Price inflation	3.0	3.3
Rate of increase of pensions in payment for inflation:		
Guaranteed (maximum 5 per cent)	3.0	3.3
Guaranteed (maximum 2.5 per cent)	2.5	2.5
Discretionary	2.5	2.5

The current mortality assumptions are as follows:

Male: 100 per cent PMA92 with CMIR17 improvements to the valuation date and medium cohort improvements subject to a floor of 1.75 per cent up to the age of 90, decreasing linearly to zero by the age of 120.

Female: 100 per cent PFA92 with CMIR17 improvements to the valuation date and 75 per cent medium cohort improvements subject to a floor of 1.0 per cent up to the age of 90, decreasing linearly to zero by the age of 120.

**18f** The IAS 19 service costs and employer contributions for ongoing service of current employees have been apportioned in the ratio relevant to current activity. Reflecting these two elements, at 31 December 2007, the total share of the surplus on PSPS and the deficit on the smaller Scottish Amicable scheme attributable to the PAC with-profits fund amounted to a gross surplus of £338 million (2006: £73 million) and a net surplus after related tax relief of £304 million (2006: £66 million).

**18g** Balance sheet of pension schemes on an economic basis is as follows:

	2007			2006		
	PSPS £m	Other schemes £m	Total £m	PSPS £m	Other schemes £m	Total £m
Equities	1,278	265	1,543	1,346	282	1,628
Bonds	1,134	249	1,383	2,077	182	2,259
Properties	545	54	599	580	58	638
Cash-like investments	1,932	5	1,937	745	5	750
Total value of assets	4,889	573	5,462	4,748	527	5,275
Present value of benefit obligations	(4,361)	(654)	(5,015)	(4,607)	(603)	(5,210)
Pre-tax surplus/(deficit)	528	(81)	447	141	(76)	65

The PSPS has entered into a derivatives based strategy to match the duration and inflation profile of its liabilities. This involved a reallocation from other investments to cash-like investments with an interest and inflation swap overlay. In broad terms, the scheme is committed to making a series of payments related to LIBOR on a nominal amount and in return the scheme receives a series of fixed and inflation-linked payments which match a proportion of its liabilities. As at 31 December 2007, the nominal value of the interest and inflation swaps amounted to £1.2 billion and £0.7 billion respectively.

**18h** Sensitivity of PSPS financial position to key variables

The table below shows the sensitivity of the PSPS liabilities at 31 December 2007 of £4,361 million (2006: £4,607 million) to changes in discount rates, inflation rates and mortality assumptions.

**(a) 2007**

Assumption	Change in assumption	Impact on scheme liabilities on IAS 19 basis
Discount rate	Decrease by 0.2% from 5.9% to 5.7%	Increase scheme liabilities by 3.5%
Discount rate	Increase by 0.2% from 5.9% to 6.1%	Decrease scheme liabilities by 3.4%
Rate of inflation	Decrease by 0.2% from 3.3% to 3.1% with consequent reduction in salary increases	Decrease scheme liabilities by 1.3%
Mortality rates	Reduce rates from 100% of table to 95%	Increase liabilities by 1.2%

**(b) 2006**

Assumption	Change in assumption	Impact on scheme liabilities on IAS 19 basis
Discount rate	Decrease by 0.2% from 5.2% to 5.0%	Increase scheme liabilities by 3.6%
Discount rate	Increase by 0.2% from 5.2% to 5.4%	Decrease scheme liabilities by 3.4%
Rate of inflation	Decrease by 0.2% from 3.0% to 2.8% with consequent reduction in salary increases	Decrease scheme liabilities by 1.3%
Mortality rates	Reduce rates from 100% of table to 95%	Increase liabilities by 1.2%

**2007 Results**

<b>Funds under management - summary</b>	<b>2007 £bn</b>	<b>2006 £bn</b>
Business area (schedule 19.2)		
Asian operations	<b>18.3</b>	13.8
US operations	<b>38.8</b>	36.2
UK operations (excluding UK banking operation)	<b>147.8</b>	142.4
UK banking operation (note 19.1b)	-	8.2
Internal funds under management (note 19.2a)	<b>204.9</b>	200.6
External funds (note 19.1a)	<b>62.5</b>	50.1
<b>Total funds under management</b>	<b>267.4</b>	250.7

**Note**

**19.1a** External funds shown above for 2007 of £62.5 billion (2006: £50.1 billion) comprise £68.7 billion (2006: £57.2 billion) in respect of investment products, as published in the 2007 New Business results on schedule 23, less £6.2 billion (2006: £7.1 billion) that are classified within internal funds.

**19.1b** The Group's UK banking operation, Egg, was sold on 1 May 2007.



Date: 14 March 2008

Schedule 19.2

Internal funds under management - analysis by business area

	Investment properties		Equity securities		Debt securities		Loans and receivables		Other investments		Total	
	2007 £bn	2006 £bn	2007 £bn	2006 £bn	2007 £bn	2006 £bn	2007 £bn	2006 £bn	2007 £bn	2006 £bn	2007 £bn	2006 £bn
Asian operations	0.0	0.1	9.9	6.9	6.9	5.4	1.1	0.9	0.4	0.5	18.3	13.8
US operations	0.0	0.0	15.5	11.7	19.0	20.1	3.3	3.3	1.0	1.1	38.8	36.2
UK operations (excluding UK banking operation)	14.5	15.1	60.8	60.3	58.1	54.2	3.5	3.4	10.9	9.4	147.8	142.4
UK banking operation (note 19.2b)	-	0.0	-	0.0	-	2.0	-	6.2	-	0.0	-	8.2
Group total as shown on schedule 19.1 (note 19.2a)	14.5	15.2	86.2	78.9	84.0	81.7	7.9	13.8	12.3	11.0	204.9	200.6

Notes

**19.2a** As included in the investments section of the consolidated balance sheet except for £0.8 billion (2006: £0.7 billion) investment properties which are held-for-sale, under development or occupied by the Group and, in accordance with IFRS, are included under other balance sheet captions.

**19.2b** The Group's UK banking operation, Egg, was sold on 1 May 2007.

**2007 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 2007</b>	<b>Average 2007</b>	Year end 2006	Average 2006
Hong Kong	<b>15.52</b>	<b>15.62</b>	15.22	14.32
Japan	<b>222.38</b>	<b>235.64</b>	233.20	214.34
Malaysia	<b>6.58</b>	<b>6.88</b>	6.90	6.76
Singapore	<b>2.87</b>	<b>3.02</b>	3.00	2.93
Taiwan	<b>64.56</b>	<b>65.75</b>	63.77	59.95
USA	<b>1.99</b>	<b>2.00</b>	1.96	1.84

**2007 Results****Foreign currency translation: Effect of rate movements on results**

	<b>2007</b>	2006	2006
	<b>As published</b>	As published	Memorandum
	<b>(note 20.2a)</b>		<b>(note 20.2a)</b>
	<b>£m</b>	£m	£m
<b>EEV basis results</b>			
Asian operations			
New business	<b>653</b>	514	487
Business in force	<b>393</b>	315	292
Long-term operations	<b>1,046</b>	829	779
Asset management	<b>72</b>	50	47
Development expenses	<b>(15)</b>	(15)	(14)
Total Asian operations	<b>1,103</b>	864	812
US operations			
New business	<b>285</b>	259	239
Business in force	<b>342</b>	449	413
Jackson	<b>627</b>	708	652
Broker-dealer, asset management and Curian operations	<b>8</b>	10	9
Total US operations	<b>635</b>	718	661
UK operations			
New business	<b>277</b>	266	266
Business in force	<b>582</b>	420	420
Long-term business	<b>859</b>	686	686
M&G	<b>254</b>	204	204
Total UK operations	<b>1,113</b>	890	890
Other income and expenditure	<b>(289)</b>	(298)	(292)
Restructuring costs	<b>(20)</b>	(41)	(41)
Operating profit from continuing operations based on longer-term investment returns	<b>2,542</b>	2,133	2,030
Shareholders' funds	<b>14,779</b>	11,883	11,910

	<b>2007</b>	2006	2006
	<b>As published</b>	As published	Memorandum
	<b>(note 20.2a)</b>		<b>(note 20.2a)</b>
	<b>£m</b>	£m	£m
<b>IFRS basis results</b>			
Asian operations			
Long-term operations	<b>189</b>	189	177
Asset management	<b>72</b>	50	47
Development expenses	<b>(15)</b>	(15)	(14)
Total Asian operations	<b>246</b>	224	210
US operations			
Jackson	<b>444</b>	398	367
Broker-dealer, asset management and Curian operations	<b>8</b>	10	9
Total US operations	<b>452</b>	408	376
UK operations			
UK insurance operations	<b>528</b>	500	500
M&G	<b>254</b>	204	204
Total UK operations	<b>782</b>	704	704
Other income and expenditure	<b>(248)</b>	(248)	(244)
Restructuring costs	<b>(19)</b>	(38)	(38)
Operating profit from continuing operations based on longer-term investment returns	<b>1,213</b>	1,050	1,008
Shareholders' funds	<b>6,201</b>	5,488	5,483

**Note**

**20.2a** The 'as published' operating profit for 2007 and 'memorandum' operating profit for 2006 have been calculated by applying average 2007 exchange rates.

The 'as published' shareholders' funds for 2007 and 'memorandum' shareholders' funds for 2006 have been calculated by applying year end 2007 exchange rates.

**2007 Results****Foreign currency translation: Effect of rate movements on new business results**

	<b>2007</b>	2006	2006
	<b>As published</b>	As published	Memorandum
	<b>(note 20.3a)</b>		<b>(note 20.3a)</b>
<b>Annual premium equivalent insurance product sales (note 20.3b)</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Asian operations	<b>1,306</b>	956	909
US operations	<b>671</b>	614	565
UK operations	<b>897</b>	900	900
<b>Total</b>	<b>2,874</b>	2,470	2,374

**Present value of new business premiums (PVNBP)**

Asian operations	<b>7,007</b>	5,132	4,861
US operations	<b>6,666</b>	6,103	5,619
UK operations	<b>7,629</b>	7,712	7,712
<b>Total</b>	<b>21,302</b>	18,947	18,192

**Gross investment product inflows**

Asian operations	<b>38,954</b>	20,408	19,816
US operations	<b>60</b>	-	-
M&G	<b>14,745</b>	13,486	13,486
<b>Total</b>	<b>53,759</b>	33,894	33,302

**Total insurance and investment product flows**

Insurance	<b>16,344</b>	15,094	14,515
Investment	<b>53,759</b>	33,894	33,302
<b>Total</b>	<b>70,103</b>	48,988	47,817

**Notes**

**20.3a** The 'as published' results for 2007 and 'memorandum' results for 2006 have been calculated by applying average 2007 exchange rates.

**20.3b** The annual premium equivalent sales for insurance products shown above include contributions for contracts that are classified as 'investment contracts' under IFRS 4 as they do not contain significant insurance risk. Additional details on the basis of preparation are shown in schedule 30.

PRUDENTIAL PLC - NEW BUSINESS - FULL YEAR 2007												
TOTAL INSURANCE AND INVESTMENT NEW BUSINESS												
	UK			US <sup>(1a)</sup>			Asia <sup>(1a)</sup>			Total		
	FY 2007 £m	FY 2006 £m	+/- (%)	FY 2007 £m	FY 2006 £m	+/- (%)	FY 2007 £m	FY 2006 £m	+/- (%)	FY 2007 £m	FY 2006 £m	+/- (%)
<b>Total Insurance Products</b>	<b>6,866</b>	<b>7,192</b>	<b>(5%)</b>	<b>6,534</b>	<b>5,507</b>	<b>19%</b>	<b>2,944</b>	<b>1,816</b>	<b>62%</b>	<b>16,344</b>	<b>14,515</b>	<b>13%</b>
<b>Total Investment Products Gross Inflows <sup>(2)</sup></b>	<b>14,745</b>	<b>13,486</b>	<b>9%</b>	<b>60</b>	<b>-</b>	<b>-</b>	<b>38,954</b>	<b>19,816</b>	<b>97%</b>	<b>53,759</b>	<b>33,302</b>	<b>61%</b>
	<b>21,611</b>	<b>20,678</b>	<b>5%</b>	<b>6,594</b>	<b>5,507</b>	<b>20%</b>	<b>41,898</b>	<b>21,632</b>	<b>94%</b>	<b>70,103</b>	<b>47,817</b>	<b>47%</b>
INSURANCE OPERATIONS												
	Single			Regular			Total			Annual Equivalents <sup>(3)</sup>		
	FY 2007 £m	FY 2006 £m	+/- (%)	FY 2007 £m	FY 2006 £m	+/- (%)	FY 2007 £m	FY 2006 £m	+/- (%)	FY 2007 £m	FY 2006 £m	+/- (%)
<b>UK Insurance Operations</b>												
<b>Product Summary</b>												
Internal Vesting annuities	1,399	1,341	4%	-	-	-	1,399	1,341	4%	140	134	4%
Direct and Partnership Annuities	842	780	8%	-	-	-	842	780	8%	84	78	8%
Intermediated Annuities	589	592	(1%)	-	-	-	589	592	(1%)	59	59	0%
<b>Total Individual Annuities</b>	<b>2,830</b>	<b>2,713</b>	<b>4%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,830</b>	<b>2,713</b>	<b>4%</b>	<b>283</b>	<b>271</b>	<b>4%</b>
Equity Release	156	89	75%	-	-	-	156	89	75%	16	9	78%
Individual Pensions	38	21	81%	1	-	-	39	21	86%	5	2	150%
Corporate Pensions	283	318	(11%)	84	66	27%	367	384	(4%)	112	98	14%
Unit Linked Bonds	243	388	(37%)	-	-	-	243	388	(37%)	24	39	(38%)
With-Profit Bonds	297	139	114%	-	-	-	297	139	114%	30	14	114%
Protection	-	11	-	5	9	(44%)	5	20	(75%)	5	10	(50%)
Offshore Products	434	540	(20%)	4	-	-	438	540	(19%)	47	54	(13%)
<b>Total Retail Retirement</b>	<b>4,281</b>	<b>4,219</b>	<b>1%</b>	<b>94</b>	<b>75</b>	<b>25%</b>	<b>4,375</b>	<b>4,294</b>	<b>2%</b>	<b>522</b>	<b>497</b>	<b>5%</b>
Corporate Pensions	198	261	(24%)	115	100	15%	313	361	(13%)	135	126	7%
Other Products	190	232	(18%)	25	26	(4%)	215	258	(17%)	44	49	(10%)
DWP Rebates	143	161	(11%)	-	-	-	143	161	(11%)	14	16	(13%)
<b>Total Mature Life and Pensions</b>	<b>531</b>	<b>654</b>	<b>(19%)</b>	<b>140</b>	<b>126</b>	<b>11%</b>	<b>671</b>	<b>780</b>	<b>(14%)</b>	<b>193</b>	<b>191</b>	<b>1%</b>
<b>Total Retail</b>	<b>4,812</b>	<b>4,873</b>	<b>(1%)</b>	<b>234</b>	<b>201</b>	<b>16%</b>	<b>5,046</b>	<b>5,074</b>	<b>(1%)</b>	<b>715</b>	<b>688</b>	<b>4%</b>
Wholesale Annuities	1,799	1,431	26%	-	-	-	1,799	1,431	26%	180	143	26%
Credit Life	21	687	(97%)	-	-	-	21	687	(97%)	2	69	(97%)
<b>Total UK Insurance Operations</b>	<b>6,632</b>	<b>6,991</b>	<b>(5%)</b>	<b>234</b>	<b>201</b>	<b>16%</b>	<b>6,866</b>	<b>7,192</b>	<b>(5%)</b>	<b>897</b>	<b>900</b>	<b>(0%)</b>
<b>Channel Summary</b>												
Direct and Partnership	2,385	2,543	(6%)	209	174	20%	2,594	2,717	(5%)	448	428	5%
Intermediated	2,284	2,169	5%	25	27	(7%)	2,309	2,196	5%	253	244	4%
Wholesale	1,820	2,118	(14%)	-	-	-	1,820	2,118	(14%)	182	212	(14%)
<b>Sub-Total</b>	<b>6,489</b>	<b>6,830</b>	<b>(5%)</b>	<b>234</b>	<b>201</b>	<b>16%</b>	<b>6,723</b>	<b>7,031</b>	<b>(4%)</b>	<b>883</b>	<b>884</b>	<b>(0%)</b>
DWP Rebates	143	161	(11%)	-	-	-	143	161	(11%)	14	16	(13%)
<b>Total UK Insurance Operations</b>	<b>6,632</b>	<b>6,991</b>	<b>(5%)</b>	<b>234</b>	<b>201</b>	<b>16%</b>	<b>6,866</b>	<b>7,192</b>	<b>(5%)</b>	<b>897</b>	<b>900</b>	<b>(0%)</b>
<b>US Insurance Operations <sup>(1a)</sup></b>												
Fixed Annuities	573	633	(9%)	-	-	-	573	633	(9%)	57	63	(10%)
Fixed Index Annuities	446	510	(13%)	-	-	-	446	510	(13%)	45	51	(12%)
Variable Annuities	4,554	3,517	29%	-	-	-	4,554	3,517	29%	455	352	29%
Life	7	7	0%	19	16	19%	26	23	13%	20	17	18%
<b>Sub-Total Retail</b>	<b>5,580</b>	<b>4,667</b>	<b>20%</b>	<b>19</b>	<b>16</b>	<b>19%</b>	<b>5,599</b>	<b>4,683</b>	<b>20%</b>	<b>577</b>	<b>483</b>	<b>19%</b>
Guaranteed Investment Contracts	408	422	(3%)	-	-	-	408	422	(3%)	41	42	(2%)
GIC - Medium Term Note	527	402	31%	-	-	-	527	402	31%	53	40	33%
<b>Total US Insurance Operations</b>	<b>6,515</b>	<b>5,491</b>	<b>19%</b>	<b>19</b>	<b>16</b>	<b>19%</b>	<b>6,534</b>	<b>5,507</b>	<b>19%</b>	<b>671</b>	<b>565</b>	<b>19%</b>
<b>Asian Insurance Operations <sup>(1a)</sup></b>												
China <sup>(10)</sup>	72	26	177%	40	35	14%	112	61	84%	47	38	24%
Hong Kong	501	325	54%	117	95	23%	618	420	47%	167	128	30%
India <sup>(6)</sup>	26	20	30%	177	106	67%	203	126	61%	180	108	67%
Indonesia	118	28	321%	109	66	65%	227	94	141%	121	69	75%
Japan	122	62	97%	22	6	267%	144	68	112%	34	12	183%
Korea	179	97	85%	241	197	22%	420	294	43%	259	207	25%
Malaysia	41	4	925%	78	71	10%	119	75	59%	82	71	15%
Singapore	593	347	71%	67	70	(4%)	660	417	58%	126	105	20%
Taiwan	132	84	57%	218	127	72%	350	211	66%	231	135	71%
Other <sup>(4)</sup>	36	15	140%	55	35	57%	91	50	82%	59	37	59%
<b>Total Asian Insurance Operations</b>	<b>1,820</b>	<b>1,008</b>	<b>81%</b>	<b>1,124</b>	<b>808</b>	<b>39%</b>	<b>2,944</b>	<b>1,816</b>	<b>62%</b>	<b>1,306</b>	<b>909</b>	<b>44%</b>
<b>Group Total</b>	<b>14,967</b>	<b>13,490</b>	<b>11%</b>	<b>1,377</b>	<b>1,025</b>	<b>34%</b>	<b>16,344</b>	<b>14,515</b>	<b>13%</b>	<b>2,874</b>	<b>2,374</b>	<b>21%</b>

## PRUDENTIAL PLC - NEW BUSINESS - FULL YEAR 2007

## TOTAL INSURANCE AND INVESTMENT NEW BUSINESS

	UK			US <sup>(1b)</sup>			Asia <sup>(1b)</sup>			Total		
	FY 2007 £m	FY 2006 £m	+/- (%)	FY 2007 £m	FY 2006 £m	+/- (%)	FY 2007 £m	FY 2006 £m	+/- (%)	FY 2007 £m	FY 2006 £m	+/- (%)
<b>Total Insurance Products</b>	<b>6,866</b>	<b>7,192</b>	<b>(5%)</b>	<b>6,534</b>	<b>5,981</b>	<b>9%</b>	<b>2,944</b>	<b>1,921</b>	<b>53%</b>	<b>16,344</b>	<b>15,094</b>	<b>8%</b>
<b>Total Investment Products Gross Inflows <sup>(2)</sup></b>	<b>14,745</b>	<b>13,486</b>	<b>9%</b>	<b>60</b>	<b>-</b>	<b>-</b>	<b>38,954</b>	<b>20,408</b>	<b>91%</b>	<b>53,759</b>	<b>33,894</b>	<b>59%</b>
	<b>21,611</b>	<b>20,678</b>	<b>5%</b>	<b>6,594</b>	<b>5,981</b>	<b>10%</b>	<b>41,898</b>	<b>22,329</b>	<b>88%</b>	<b>70,103</b>	<b>48,988</b>	<b>43%</b>

## INSURANCE OPERATIONS

	Single			Regular			Total			Annual Equivalents <sup>(3)</sup>		
	FY 2007 £m	FY 2006 £m	+/- (%)	FY 2007 £m	FY 2006 £m	+/- (%)	FY 2007 £m	FY 2006 £m	+/- (%)	FY 2007 £m	FY 2006 £m	+/- (%)
<b>UK Insurance Operations</b>												
<b>Product Summary</b>												
Internal Vesting annuities	1,399	1,341	4%	-	-	-	1,399	1,341	4%	140	134	4%
Direct and Partnership Annuities	842	780	8%	-	-	-	842	780	8%	84	78	8%
Intermediated Annuities	589	592	(1%)	-	-	-	589	592	(1%)	59	59	0%
<b>Total Individual Annuities</b>	<b>2,830</b>	<b>2,713</b>	<b>4%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,830</b>	<b>2,713</b>	<b>4%</b>	<b>283</b>	<b>271</b>	<b>4%</b>
Equity Release	156	89	75%	-	-	-	156	89	75%	16	9	78%
Individual Pensions	38	21	81%	1	-	-	39	21	86%	5	2	150%
Corporate Pensions	283	318	(11%)	84	66	27%	367	384	(4%)	112	98	14%
Unit Linked Bonds	243	388	(37%)	-	-	-	243	388	(37%)	24	39	(38%)
With-Profit Bonds	297	139	114%	-	-	-	297	139	114%	30	14	114%
Protection	-	11	-	5	9	(44%)	5	20	(75%)	5	10	(50%)
Offshore Products	434	540	(20%)	4	-	-	438	540	(19%)	47	54	(13%)
<b>Total Retail Retirement</b>	<b>4,281</b>	<b>4,219</b>	<b>1%</b>	<b>94</b>	<b>75</b>	<b>25%</b>	<b>4,375</b>	<b>4,294</b>	<b>2%</b>	<b>522</b>	<b>497</b>	<b>5%</b>
Corporate Pensions	198	261	(24%)	115	100	15%	313	361	(13%)	135	126	7%
Other Products	190	232	(18%)	25	26	(4%)	215	258	(17%)	44	49	(10%)
DWP Rebates	143	161	(11%)	-	-	-	143	161	(11%)	14	16	(13%)
<b>Total Mature Life and Pensions</b>	<b>531</b>	<b>654</b>	<b>(19%)</b>	<b>140</b>	<b>126</b>	<b>11%</b>	<b>671</b>	<b>780</b>	<b>(14%)</b>	<b>193</b>	<b>191</b>	<b>1%</b>
<b>Total Retail</b>	<b>4,812</b>	<b>4,873</b>	<b>(1%)</b>	<b>234</b>	<b>201</b>	<b>16%</b>	<b>5,046</b>	<b>5,074</b>	<b>(1%)</b>	<b>715</b>	<b>688</b>	<b>4%</b>
Wholesale Annuities	1,799	1,431	26%	-	-	-	1,799	1,431	26%	180	143	26%
Credit Life	21	687	(97%)	-	-	-	21	687	(97%)	2	69	(97%)
<b>Total UK Insurance Operations</b>	<b>6,632</b>	<b>6,991</b>	<b>(5%)</b>	<b>234</b>	<b>201</b>	<b>16%</b>	<b>6,866</b>	<b>7,192</b>	<b>(5%)</b>	<b>897</b>	<b>900</b>	<b>(0%)</b>
<b>Channel Summary</b>												
Direct and Partnership	2,385	2,543	(6%)	209	174	20%	2,594	2,717	(5%)	448	428	5%
Intermediated	2,284	2,169	5%	25	27	(7%)	2,309	2,196	5%	253	244	4%
Wholesale	1,820	2,118	(14%)	-	-	-	1,820	2,118	(14%)	182	212	(14%)
<b>Sub-Total</b>	<b>6,489</b>	<b>6,830</b>	<b>(5%)</b>	<b>234</b>	<b>201</b>	<b>16%</b>	<b>6,723</b>	<b>7,031</b>	<b>(4%)</b>	<b>883</b>	<b>884</b>	<b>(0%)</b>
DWP Rebates	143	161	(11%)	-	-	-	143	161	(11%)	14	16	(13%)
<b>Total UK Insurance Operations</b>	<b>6,632</b>	<b>6,991</b>	<b>(5%)</b>	<b>234</b>	<b>201</b>	<b>16%</b>	<b>6,866</b>	<b>7,192</b>	<b>(5%)</b>	<b>897</b>	<b>900</b>	<b>(0%)</b>
<b>US Insurance Operations <sup>(1b)</sup></b>												
Fixed Annuities	573	688	(17%)	-	-	-	573	688	(17%)	57	69	(17%)
Fixed Index Annuities	446	554	(19%)	-	-	-	446	554	(19%)	45	55	(18%)
Variable Annuities	4,554	3,819	19%	-	-	-	4,554	3,819	19%	455	382	19%
Life	7	8	(13%)	19	17	12%	26	25	4%	20	18	11%
<b>Sub-Total Retail</b>	<b>5,580</b>	<b>5,069</b>	<b>10%</b>	<b>19</b>	<b>17</b>	<b>12%</b>	<b>5,599</b>	<b>5,086</b>	<b>10%</b>	<b>577</b>	<b>524</b>	<b>10%</b>
Guaranteed Investment Contracts	408	458	(11%)	-	-	-	408	458	(11%)	41	46	(11%)
GIC - Medium Term Note	527	437	21%	-	-	-	527	437	21%	53	44	20%
<b>Total US Insurance Operations</b>	<b>6,515</b>	<b>5,964</b>	<b>9%</b>	<b>19</b>	<b>17</b>	<b>12%</b>	<b>6,534</b>	<b>5,981</b>	<b>9%</b>	<b>671</b>	<b>613</b>	<b>9%</b>
<b>Asian Insurance Operations <sup>(1b)</sup></b>												
China <sup>(10)</sup>	72	27	167%	40	36	11%	112	63	78%	47	39	21%
Hong Kong	501	355	41%	117	103	14%	618	458	35%	167	139	20%
India <sup>(6)</sup>	26	20	30%	177	105	69%	203	125	62%	180	107	68%
Indonesia	118	31	281%	109	71	54%	227	102	123%	121	74	64%
Japan	122	68	79%	22	7	214%	144	75	92%	34	14	143%
Korea	179	103	74%	241	208	16%	420	311	35%	259	218	19%
Malaysia	41	4	925%	78	72	8%	119	76	57%	82	72	14%
Singapore	593	357	66%	67	72	(7%)	660	429	54%	126	108	17%
Taiwan	132	92	43%	218	139	57%	350	231	52%	231	148	56%
Other <sup>(4)</sup>	36	15	140%	55	36	53%	91	51	78%	59	38	55%
<b>Total Asian Insurance Operations</b>	<b>1,820</b>	<b>1,072</b>	<b>70%</b>	<b>1,124</b>	<b>849</b>	<b>32%</b>	<b>2,944</b>	<b>1,921</b>	<b>53%</b>	<b>1,306</b>	<b>956</b>	<b>37%</b>
<b>Group Total</b>	<b>14,967</b>	<b>14,027</b>	<b>7%</b>	<b>1,377</b>	<b>1,067</b>	<b>29%</b>	<b>16,344</b>	<b>15,094</b>	<b>8%</b>	<b>2,874</b>	<b>2,470</b>	<b>16%</b>

PRUDENTIAL PLC - NEW BUSINESS - FULL YEAR 2007								
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>2007</b>								
<b>M&amp;G</b>								
Retail	19,176	8,690	(5,970)	2,720	-	424	3,144	22,320
Institutional <sup>(5)</sup>	25,770	6,055	(3,817)	2,238	(246)	1,139	3,131	28,901
<b>Total M&amp;G</b>	<b>44,946</b>	<b>14,745</b>	<b>(9,787)</b>	<b>4,958</b>	<b>(246)</b>	<b>1,563</b>	<b>6,275</b>	<b>51,221</b>
<b>Asia <sup>(9)</sup></b>								
India	1,290	1,158	(1,046)	112	192	631	935	2,225
Taiwan	969	1,876	(1,529)	347	-	160	507	1,476
Korea	2,952	2,288	(2,544)	(256)	(235)	485	(6)	2,946
Japan	2,816	2,374	(1,198)	1,176	-	321	1,497	4,313
Other Mutual Fund Operations	1,468	2,011	(1,429)	582	54	433	1,069	2,537
<b>Total Asian Equity/Bond/Other</b>	<b>9,495</b>	<b>9,707</b>	<b>(7,746)</b>	<b>1,961</b>	<b>11</b>	<b>2,030</b>	<b>4,002</b>	<b>13,497</b>
<b>MMF</b>								
India	709	24,175	(23,404)	771	(267)	203	707	1,416
Taiwan	467	2,271	(2,112)	159	-	6	165	632
Korea	609	2,189	(2,312)	(123)	(21)	15	(129)	480
Other Mutual Fund Operations	133	424	(316)	108	-	11	119	252
<b>Total Asian MMF</b>	<b>1,918</b>	<b>29,059</b>	<b>(28,144)</b>	<b>915</b>	<b>(288)</b>	<b>235</b>	<b>862</b>	<b>2,780</b>
<b>Total Asia Retail Mutual Funds</b>	<b>11,413</b>	<b>38,766</b>	<b>(35,890)</b>	<b>2,876</b>	<b>(277)</b>	<b>2,265</b>	<b>4,864</b>	<b>16,277</b>
Third Party Institutional Mandates	840	188	(103)	85	-	191	276	1,116
<b>Total Asian Investment Operations</b>	<b>12,253</b>	<b>38,954</b>	<b>(35,993)</b>	<b>2,961</b>	<b>(277)</b>	<b>2,456</b>	<b>5,140</b>	<b>17,393</b>
<b>US</b>								
Retail	-	60	(4)	56	-	(1)	55	55
<b>Total US</b>	<b>-</b>	<b>60</b>	<b>(4)</b>	<b>56</b>	<b>-</b>	<b>(1)</b>	<b>55</b>	<b>55</b>
<b>Total Investment Products</b>	<b>57,199</b>	<b>53,759</b>	<b>(45,784)</b>	<b>7,975</b>	<b>(523)</b>	<b>4,018</b>	<b>11,470</b>	<b>68,669</b>
<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>(9)</sup></b>								
India	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 Asia 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	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>2007 Movement Relative to 2006</b>								
<b>M&amp;G</b>								
Retail	31%	29%	(65%)	(12%)	-	(71%)	(31%)	16%
Institutional	19%	(10%)	(1%)	(25%)	(276%)	7%	(25%)	12%
<b>Total M&amp;G</b>	<b>24%</b>	<b>9%</b>	<b>(33%)</b>	<b>(19%)</b>	<b>(276%)</b>	<b>(38%)</b>	<b>(28%)</b>	<b>14%</b>
<b>Asia <sup>(9)</sup></b>								
India	28%	18%	(54%)	(63%)	327%	1,118%	228%	72%
Taiwan	53%	58%	(77%)	9%	-	789%	50%	52%
Korea	30%	(23%)	(23%)	(128%)	21%	658%	(101%)	(0%)
Japan	4%	70%	(17%)	220%	-	230%	1,137%	53%
Other Mutual Fund Operations	42%	100%	(131%)	51%	5,500%	841%	148%	73%
<b>Total Asia Equity/Bond/Other</b>	<b>24%</b>	<b>29%</b>	<b>(47%)</b>	<b>(14%)</b>	<b>104%</b>	<b>1,228%</b>	<b>116%</b>	<b>42%</b>
<b>MMF</b>								
India	54%	170%	(167%)	287%	(256%)	64%	185%	100%
Taiwan	(30%)	65%	(39%)	215%	-	110%	183%	35%
Korea	14%	(1%)	(9%)	(224%)	(24%)	314%	(272%)	(21%)
Other Mutual Fund Operations	(7%)	133%	(77%)	3,500%	-	185%	1,290%	89%
<b>Total Asian MMF</b>	<b>6%</b>	<b>128%</b>	<b>(124%)</b>	<b>461%</b>	<b>(213%)</b>	<b>460%</b>	<b>663%</b>	<b>45%</b>
<b>Total Asian Retail Mutual Funds</b>	<b>21%</b>	<b>91%</b>	<b>(101%)</b>	<b>17%</b>	<b>20%</b>	<b>1,741%</b>	<b>147%</b>	<b>43%</b>
Third Party Institutional Mandates	22%	57%	(151%)	8%	-	173%	85%	33%
<b>Total Asian Investment Operations</b>	<b>21%</b>	<b>91%</b>	<b>(101%)</b>	<b>17%</b>	<b>20%</b>	<b>3,712%</b>	<b>143%</b>	<b>42%</b>
<b>Total Investment Products</b>	<b>23%</b>	<b>59%</b>	<b>(81%)</b>	<b>(8%)</b>	<b>(155%)</b>	<b>65%</b>	<b>6%</b>	<b>20%</b>
<b>US <sup>(7)</sup></b>								
Curian Capital						2007 Q4 YTD £m	2006 Q4 YTD £m	+/- (%)
External Funds Under Administration						1,743	1,222	43%

## PRUDENTIAL PLC - NEW BUSINESS - QUARTER 4 2007 VERSUS QUARTER 4 2006

INSURANCE OPERATIONS												
	Single			Regular			Total			Annual Equivalents		
	Q4 2007	Q4 2006	+/- (%)	Q4 2007	Q4 2006	+/- (%)	Q4 2007	Q4 2006	+/- (%)	Q4 2007	Q4 2006	+/- (%)
	£m	£m		£m	£m		£m	£m		£m	£m	
<b>UK Insurance Operations</b>												
<b>Product Summary</b>												
Internal Vesting annuities	369	369	0%	-	-	-	369	369	0%	37	37	0%
Direct and Partnership Annuities	184	279	(34%)	-	-	-	184	279	(34%)	18	28	(36%)
Intermediated Annuities	140	188	(26%)	-	-	-	140	188	(26%)	14	19	(26%)
<b>Total Individual Annuities</b>	<b>693</b>	<b>836</b>	<b>(17%)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>693</b>	<b>836</b>	<b>(17%)</b>	<b>69</b>	<b>84</b>	<b>(18%)</b>
Equity Release	48	34	41%	-	-	-	48	34	41%	5	3	67%
Individual Pensions	11	5	120%	-	-	-	11	5	120%	1	1	0%
Corporate Pensions	162	265	(39%)	26	27	(4%)	188	292	(36%)	42	54	(22%)
Unit Linked Bonds	43	85	(49%)	-	-	-	43	85	(49%)	4	9	(56%)
With-Profit Bonds	114	49	133%	-	-	-	114	49	133%	11	5	120%
Protection	-	9	-	2	-	-	2	9	(78%)	2	1	100%
Offshore Products	129	100	29%	1	-	-	130	100	30%	14	10	40%
<b>Total Retail Retirement</b>	<b>1,200</b>	<b>1,383</b>	<b>(13%)</b>	<b>29</b>	<b>27</b>	<b>7%</b>	<b>1,229</b>	<b>1,410</b>	<b>(13%)</b>	<b>149</b>	<b>165</b>	<b>(10%)</b>
Corporate Pensions	30	73	(59%)	29	19	53%	59	92	(36%)	32	26	23%
Other Products	47	52	(10%)	5	7	(29%)	52	59	(12%)	10	12	(17%)
DWP Rebates	14	-	-	-	-	-	14	-	-	1	-	-
<b>Total Mature Life and Pensions</b>	<b>91</b>	<b>125</b>	<b>(27%)</b>	<b>34</b>	<b>26</b>	<b>31%</b>	<b>125</b>	<b>151</b>	<b>(17%)</b>	<b>43</b>	<b>39</b>	<b>10%</b>
<b>Total Retail</b>	<b>1,291</b>	<b>1,508</b>	<b>(14%)</b>	<b>63</b>	<b>53</b>	<b>19%</b>	<b>1,354</b>	<b>1,561</b>	<b>(13%)</b>	<b>192</b>	<b>204</b>	<b>(6%)</b>
Wholesale Annuities	1,754	131	1,239%	-	-	-	1,754	131	1,239%	175	13	1,246%
Credit Life	4	197	(98%)	-	-	-	4	197	(98%)	-	20	-
<b>Total UK Insurance Operations</b>	<b>3,049</b>	<b>1,836</b>	<b>66%</b>	<b>63</b>	<b>53</b>	<b>19%</b>	<b>3,112</b>	<b>1,889</b>	<b>65%</b>	<b>368</b>	<b>237</b>	<b>55%</b>
<b>Channel Summary</b>												
Direct and Partnership	648	949	(32%)	58	47	23%	706	996	(29%)	123	142	(13%)
Intermediated	627	559	12%	5	6	(17%)	632	565	12%	68	62	10%
Wholesale	1,760	328	437%	-	-	-	1,760	328	437%	176	33	433%
<b>Sub-Total</b>	<b>3,035</b>	<b>1,836</b>	<b>65%</b>	<b>63</b>	<b>53</b>	<b>19%</b>	<b>3,098</b>	<b>1,889</b>	<b>64%</b>	<b>367</b>	<b>237</b>	<b>55%</b>
DWP Rebates	14	-	-	-	-	-	14	-	-	1	-	-
<b>Total UK Insurance Operations</b>	<b>3,049</b>	<b>1,836</b>	<b>66%</b>	<b>63</b>	<b>53</b>	<b>19%</b>	<b>3,112</b>	<b>1,889</b>	<b>65%</b>	<b>368</b>	<b>237</b>	<b>55%</b>
<b>US Insurance Operations <sup>(1b)(8)</sup></b>												
Fixed Annuities	152	172	(12%)	-	-	-	152	172	(12%)	15	17	(12%)
Fixed Index Annuities	104	117	(11%)	-	-	-	104	117	(11%)	10	12	(17%)
Variable Annuities	1,137	1,010	13%	-	-	-	1,137	1,010	13%	114	101	13%
Life	2	2	0%	6	4	50%	8	6	33%	6	4	50%
<b>Sub-Total Retail</b>	<b>1,395</b>	<b>1,301</b>	<b>7%</b>	<b>6</b>	<b>4</b>	<b>50%</b>	<b>1,401</b>	<b>1,305</b>	<b>7%</b>	<b>146</b>	<b>134</b>	<b>9%</b>
Guaranteed Investment Contracts	148	133	11%	-	-	-	148	133	11%	15	13	15%
GIC - Medium Term Note	(4)	(5)	20%	-	-	-	(4)	(5)	20%	-	(1)	-
<b>Total US Insurance Operations</b>	<b>1,539</b>	<b>1,429</b>	<b>8%</b>	<b>6</b>	<b>4</b>	<b>50%</b>	<b>1,545</b>	<b>1,433</b>	<b>8%</b>	<b>160</b>	<b>147</b>	<b>9%</b>
<b>Asian Insurance Operations <sup>(1b)(8)</sup></b>												
China <sup>(10)</sup>	17	5	240%	7	15	(53%)	24	20	20%	9	16	(44%)
Hong Kong	178	131	36%	35	35	0%	213	166	28%	53	48	10%
India <sup>(6)</sup>	6	6	0%	53	28	89%	59	34	74%	54	29	86%
Indonesia	53	14	279%	38	22	73%	91	36	153%	43	23	87%
Japan	40	27	48%	6	4	50%	46	31	48%	10	7	43%
Korea	60	27	122%	61	53	15%	121	80	51%	67	56	20%
Malaysia	21	1	2,000%	29	24	21%	50	25	100%	31	24	29%
Singapore	168	86	95%	21	25	(16%)	189	111	70%	38	34	12%
Taiwan	33	34	(3%)	36	33	9%	69	67	3%	39	36	8%
Other <sup>(4)</sup>	15	6	150%	22	11	100%	37	17	118%	24	12	100%
<b>Total Asian Insurance Operations</b>	<b>591</b>	<b>337</b>	<b>75%</b>	<b>308</b>	<b>250</b>	<b>23%</b>	<b>899</b>	<b>587</b>	<b>53%</b>	<b>367</b>	<b>284</b>	<b>29%</b>
<b>Group Total</b>	<b>5,179</b>	<b>3,602</b>	<b>44%</b>	<b>377</b>	<b>307</b>	<b>23%</b>	<b>5,556</b>	<b>3,909</b>	<b>42%</b>	<b>895</b>	<b>667</b>	<b>34%</b>

## INVESTMENT OPERATIONS

			INVESTMENT OPERATIONS					Market & Currency	Net	
		Opening	Gross Inflows	Redemptions	Net Inflows	Other	Movements	Movements	Movement	Closing
		FUM	£m	£m	£m	£m	£m	£m	In FUM	FUM
		£m	£m	£m	£m	£m	£m	£m	£m	£m
M&G <sup>(5)</sup>	Q4 2007	49,907	3,933	(2,568)	1,365	(123)	72	1,314	51,221	
	Q4 2006	42,258	3,505	(2,513)	992	(7)	1,703	2,688	44,946	
	+/- (%)	18%	12%	(2%)	38%	(1,657%)	(96%)	(51%)	14%	
Asia Retail Mutual Funds	Q4 2007	15,120	10,842	(10,346)	496	(125)	786	1,157	16,277	
	Q4 2006	10,396	5,674	(4,737)	937	(35)	115	1,017	11,413	
	+/- (%)	45%	91%	(118%)	(47%)	(257%)	583%	14%	43%	
Asia Third Party	Q4 2007	980	167	(76)	91	-	45	136	1,116	
	Q4 2006	758	40	(4)	36	-	46	82	840	
	+/- (%)	29%	318%	(1,800%)	153%	-	(2%)	66%	33%	
US Retail Mutual Funds	Q4 2007	32	27	(2)	25	-	(2)	23	55	
	Q4 2006	-	-	-	-	-	-	-	-	
	+/- (%)	-	-	-	-	-	-	-	-	
Total Investment Products	Q4 2007	66,039	14,969	(12,992)	1,977	(248)	901	2,630	68,669	
	Q4 2006	53,412	9,219	(7,254)	1,965	(42)	1,864	3,787	57,199	
	+/- (%)	24%	62%	(79%)	1%	(490%)	(52%)	(31%)	20%	



## PRUDENTIAL PLC - NEW BUSINESS - QUARTER 4 2007 VERSUS QUARTER 3 2007

INSURANCE OPERATIONS												
	Single			Regular			Total			Annual Equivalents <sup>(9)</sup>		
	Q4 2007 £m	Q3 2007 £m	+/(%)	Q4 2007 £m	Q3 2007 £m	+/(%)	Q4 2007 £m	Q3 2007 £m	+/(%)	Q4 2007 £m	Q3 2007 £m	+/(%)
<b>UK Insurance Operations</b>												
<b>Product Summary</b>												
Internal Vesting annuities	369	343	8%	-	-	-	369	343	8%	37	34	9%
Direct and Partnership Annuities	184	227	(19%)	-	-	-	184	227	(19%)	18	23	(22%)
Intermediated Annuities	140	167	(16%)	-	-	-	140	167	(16%)	14	17	(18%)
<b>Total Individual Annuities</b>	<b>693</b>	<b>737</b>	<b>(6%)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>693</b>	<b>737</b>	<b>(6%)</b>	<b>69</b>	<b>74</b>	<b>(7%)</b>
Equity Release	48	41	17%	-	-	-	48	41	17%	5	4	25%
Individual Pensions	11	9	22%	-	1	-	11	10	10%	1	2	(50%)
Corporate Pensions	162	14	1,057%	26	16	63%	188	30	527%	42	17	147%
Unit Linked Bonds	43	62	(31%)	-	-	-	43	62	(31%)	4	6	(33%)
With-Profit Bonds	114	69	65%	-	-	-	114	69	65%	11	7	57%
Protection	-	-	-	2	1	100%	2	1	100%	2	1	100%
Offshore Products	129	100	29%	1	1	0%	130	101	29%	14	11	27%
<b>Total Retail Retirement</b>	<b>1,200</b>	<b>1,032</b>	<b>16%</b>	<b>29</b>	<b>19</b>	<b>53%</b>	<b>1,229</b>	<b>1,051</b>	<b>17%</b>	<b>149</b>	<b>122</b>	<b>22%</b>
Corporate Pensions	30	58	(48%)	29	26	12%	59	84	(30%)	32	32	0%
Other Products	47	43	9%	5	7	(29%)	52	50	4%	10	11	(9%)
DWP Rebates	14	-	-	-	-	-	14	-	-	1	-	-
<b>Total Mature Life and Pensions</b>	<b>91</b>	<b>101</b>	<b>(10%)</b>	<b>34</b>	<b>33</b>	<b>3%</b>	<b>125</b>	<b>134</b>	<b>(7%)</b>	<b>43</b>	<b>43</b>	<b>0%</b>
<b>Total Retail</b>	<b>1,291</b>	<b>1,133</b>	<b>14%</b>	<b>63</b>	<b>52</b>	<b>21%</b>	<b>1,354</b>	<b>1,185</b>	<b>14%</b>	<b>192</b>	<b>165</b>	<b>16%</b>
Wholesale Annuities	1,754	7	24,957%	-	-	-	1,754	7	24,957%	175	1	17,400%
Credit Life	4	2	100%	-	-	-	4	2	100%	-	-	-
<b>Total UK Insurance Operations</b>	<b>3,049</b>	<b>1,142</b>	<b>167%</b>	<b>63</b>	<b>52</b>	<b>21%</b>	<b>3,112</b>	<b>1,194</b>	<b>161%</b>	<b>368</b>	<b>166</b>	<b>122%</b>
<b>Channel Summary</b>												
Direct and Partnership	648	586	11%	58	45	29%	706	631	12%	123	104	18%
Intermediated	627	549	14%	5	7	(29%)	632	556	14%	68	62	10%
Wholesale	1,760	7	25,043%	-	-	-	1,760	7	25,043%	176	1	17,500%
<b>Sub-Total</b>	<b>3,035</b>	<b>1,142</b>	<b>166%</b>	<b>63</b>	<b>52</b>	<b>21%</b>	<b>3,098</b>	<b>1,194</b>	<b>159%</b>	<b>367</b>	<b>166</b>	<b>121%</b>
DWP Rebates	14	-	-	-	-	-	14	-	-	1	-	-
<b>Total UK Insurance Operations</b>	<b>3,049</b>	<b>1,142</b>	<b>167%</b>	<b>63</b>	<b>52</b>	<b>21%</b>	<b>3,112</b>	<b>1,194</b>	<b>161%</b>	<b>368</b>	<b>166</b>	<b>122%</b>
<b>US Insurance Operations<sup>(1b)(8)</sup></b>												
Fixed Annuities	152	130	17%	-	-	-	152	130	17%	15	13	15%
Fixed Index Annuities	104	122	(15%)	-	-	-	104	122	(15%)	10	12	(17%)
Variable Annuities	1,137	1,174	(3%)	-	-	-	1,137	1,174	(3%)	114	117	(3%)
Life	2	2	0%	6	4	50%	8	6	33%	6	4	50%
<b>Sub-Total Retail</b>	<b>1,395</b>	<b>1,428</b>	<b>(2%)</b>	<b>6</b>	<b>4</b>	<b>50%</b>	<b>1,401</b>	<b>1,432</b>	<b>(2%)</b>	<b>146</b>	<b>147</b>	<b>(1%)</b>
Guaranteed Investment Contracts	148	127	17%	-	-	-	148	127	17%	15	13	15%
GIC - Medium Term Note	(4)	(4)	0%	-	-	-	(4)	(4)	0%	-	-	-
<b>Total US Insurance Operations</b>	<b>1,539</b>	<b>1,551</b>	<b>(1%)</b>	<b>6</b>	<b>4</b>	<b>50%</b>	<b>1,545</b>	<b>1,555</b>	<b>(1%)</b>	<b>160</b>	<b>159</b>	<b>1%</b>
<b>Asian Insurance Operations<sup>(1b)(8)</sup></b>												
China <sup>(10)</sup>	17	36	(53%)	7	13	(46%)	24	49	(51%)	9	17	(47%)
Hong Kong	178	124	44%	35	28	25%	213	152	40%	53	40	33%
India <sup>(6)</sup>	6	4	50%	53	43	23%	59	47	26%	54	43	26%
Indonesia	53	30	77%	38	28	36%	91	58	57%	43	31	39%
Japan	40	30	33%	6	5	20%	46	35	31%	10	8	25%
Korea	60	47	28%	61	67	(9%)	121	114	6%	67	72	(7%)
Malaysia	21	11	91%	29	17	71%	50	28	79%	31	18	72%
Singapore	168	119	41%	21	16	31%	189	135	40%	38	28	36%
Taiwan	33	36	(8%)	36	46	(22%)	69	82	(16%)	39	50	(22%)
Other <sup>(4)</sup>	15	8	88%	22	12	83%	37	20	85%	24	13	85%
<b>Total Asian Insurance Operations</b>	<b>591</b>	<b>445</b>	<b>33%</b>	<b>308</b>	<b>275</b>	<b>12%</b>	<b>899</b>	<b>720</b>	<b>25%</b>	<b>367</b>	<b>320</b>	<b>15%</b>
<b>Group Total</b>	<b>5,179</b>	<b>3,138</b>	<b>65%</b>	<b>377</b>	<b>331</b>	<b>14%</b>	<b>5,556</b>	<b>3,469</b>	<b>60%</b>	<b>895</b>	<b>645</b>	<b>39%</b>

## INVESTMENT OPERATIONS

			INVESTMENT OPERATIONS					Market & Net	
		Opening FUM £m	Gross Inflows £m	Redemptions £m	Net Inflows £m	Other Movements £m	Currency Movements £m	Movement In FUM £m	Closing FUM £m
M&G <sup>(5)</sup>	Q4 2007	49,907	3,933	(2,568)	1,365	(123)	72	1,314	51,221
	Q3 2007	48,624	3,293	(3,067)	226	(85)	1,142	1,283	49,907
	+/- (%)	3%	19%	16%	504%	(45%)	(94%)	2%	3%
Asia Retail Mutual Funds	Q4 2007	15,120	10,842	(10,346)	496	(125)	786	1,157	16,277
	Q3 2007	13,677	10,463	(9,757)	706	(21)	758	1,443	15,120
	+/- (%)	11%	4%	(6%)	(30%)	(495%)	4%	(20%)	8%
Asia Third Party	Q4 2007	980	167	(76)	91	-	45	136	1,116
	Q3 2007	903	11	(5)	6	-	71	77	980
	+/- (%)	9%	1,418%	(1,420%)	1,417%	-	(37%)	77%	14%
US Retail Mutual Funds	Q4 2007	32	27	(2)	25	-	(2)	23	55
	Q3 2007	18	14	(1)	13	-	1	14	32
	+/- (%)	78%	93%	(100%)	92%	-	(300%)	64%	72%
Total Investment Products	Q4 2007	66,039	14,969	(12,992)	1,977	(248)	901	2,630	68,669
	Q3 2007	63,222	13,781	(12,830)	951	(106)	1,972	2,817	66,039
	+/- (%)	4%	9%	(1%)	108%	(134%)	(54%)	(7%)	4%

PRUDENTIAL PLC - NEW BUSINESS - FULL YEAR 2007												
TOTAL INSURANCE AND INVESTMENT NEW BUSINESS												
	UK			US <sup>(1a)</sup>			Asia <sup>(1a)</sup>			Total		
	FY 2007 £m	FY 2006 £m	+/-(-%)	FY 2007 £m	FY 2006 £m	+/-(-%)	FY 2007 £m	FY 2006 £m	+/-(-%)	FY 2007 £m	FY 2006 £m	+/-(-%)
<b>Total Insurance Products</b>	<b>6,866</b>	<b>7,192</b>	<b>(5%)</b>	<b>6,534</b>	<b>5,507</b>	<b>19%</b>	<b>2,944</b>	<b>1,816</b>	<b>62%</b>	<b>16,344</b>	<b>14,515</b>	<b>13%</b>
<b>Total Investment Products Gross Inflows <sup>(2)</sup></b>	<b>14,745</b>	<b>13,486</b>	<b>9%</b>	<b>60</b>	<b>-</b>	<b>-</b>	<b>38,954</b>	<b>19,816</b>	<b>97%</b>	<b>53,759</b>	<b>33,302</b>	<b>61%</b>
	<b>21,611</b>	<b>20,678</b>	<b>5%</b>	<b>6,594</b>	<b>5,507</b>	<b>20%</b>	<b>41,898</b>	<b>21,632</b>	<b>94%</b>	<b>70,103</b>	<b>47,817</b>	<b>47%</b>
INSURANCE OPERATIONS												
	Single			Regular			Total			PVNBP		
	FY 2007 £m	FY 2006 £m	+/-(-%)	FY 2007 £m	FY 2006 £m	+/-(-%)	FY 2007 £m	FY 2006 £m	+/-(-%)	FY 2007 £m	FY 2006 £m	+/-(-%)
<b>UK Insurance Operations</b>												
<b>Product Summary</b>												
Internal Vesting annuities	1,399	1,341	4%	-	-	-	1,399	1,341	4%	1,399	1,341	4%
Direct and Partnership Annuities	842	780	8%	-	-	-	842	780	8%	842	780	8%
Intermediated Annuities	589	592	(1%)	-	-	-	589	592	(1%)	589	592	(1%)
<b>Total Individual Annuities</b>	<b>2,830</b>	<b>2,713</b>	<b>4%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,830</b>	<b>2,713</b>	<b>4%</b>	<b>2,830</b>	<b>2,713</b>	<b>4%</b>
Equity Release	156	89	75%	-	-	-	156	89	75%	156	89	75%
Individual Pensions	38	21	81%	1	-	-	39	21	86%	42	21	100%
Corporate Pensions	283	318	(11%)	84	66	27%	367	384	(4%)	737	490	50%
Unit Linked Bonds	243	388	(37%)	-	-	-	243	388	(37%)	243	388	(37%)
With-Profit Bonds	297	139	114%	-	-	-	297	139	114%	297	139	114%
Protection	-	11	-	5	9	(44%)	5	20	(75%)	26	63	(59%)
Offshore Products	434	540	(20%)	4	-	-	438	540	(19%)	455	540	(16%)
<b>Total Retail Retirement</b>	<b>4,281</b>	<b>4,219</b>	<b>1%</b>	<b>94</b>	<b>75</b>	<b>25%</b>	<b>4,375</b>	<b>4,294</b>	<b>2%</b>	<b>4,786</b>	<b>4,443</b>	<b>8%</b>
Corporate Pensions	198	261	(24%)	115	100	15%	313	361	(13%)	604	643	(6%)
Other Products	190	232	(18%)	25	26	(4%)	215	258	(17%)	276	347	(20%)
DWP Rebates	143	161	(11%)	-	-	-	143	161	(11%)	143	161	(11%)
<b>Total Mature Life and Pensions</b>	<b>531</b>	<b>654</b>	<b>(19%)</b>	<b>140</b>	<b>126</b>	<b>11%</b>	<b>671</b>	<b>780</b>	<b>(14%)</b>	<b>1,023</b>	<b>1,151</b>	<b>(11%)</b>
<b>Total Retail</b>	<b>4,812</b>	<b>4,873</b>	<b>(1%)</b>	<b>234</b>	<b>201</b>	<b>16%</b>	<b>5,046</b>	<b>5,074</b>	<b>(1%)</b>	<b>5,809</b>	<b>5,594</b>	<b>4%</b>
Wholesale Annuities	1,799	1,431	26%	-	-	-	1,799	1,431	26%	1,799	1,431	26%
Credit Life	21	687	(97%)	-	-	-	21	687	(97%)	21	687	(97%)
<b>Total UK Insurance Operations</b>	<b>6,632</b>	<b>6,991</b>	<b>(5%)</b>	<b>234</b>	<b>201</b>	<b>16%</b>	<b>6,866</b>	<b>7,192</b>	<b>(5%)</b>	<b>7,629</b>	<b>7,712</b>	<b>(1%)</b>
<b>Channel Summary</b>												
Direct and Partnership	2,385	2,543	(6%)	209	174	20%	2,594	2,717	(5%)	3,287	3,133	5%
Intermediated	2,284	2,169	5%	25	27	(7%)	2,309	2,196	5%	2,378	2,300	3%
Wholesale	1,820	2,118	(14%)	-	-	-	1,820	2,118	(14%)	1,820	2,118	(14%)
<b>Sub-Total</b>	<b>6,489</b>	<b>6,830</b>	<b>(5%)</b>	<b>234</b>	<b>201</b>	<b>16%</b>	<b>6,723</b>	<b>7,031</b>	<b>(4%)</b>	<b>7,485</b>	<b>7,551</b>	<b>(1%)</b>
DWP Rebates	143	161	(11%)	-	-	-	143	161	(11%)	143	161	(11%)
<b>Total UK Insurance Operations</b>	<b>6,632</b>	<b>6,991</b>	<b>(5%)</b>	<b>234</b>	<b>201</b>	<b>16%</b>	<b>6,866</b>	<b>7,192</b>	<b>(5%)</b>	<b>7,629</b>	<b>7,712</b>	<b>(1%)</b>
<b>US Insurance Operations <sup>(1a)</sup></b>												
Fixed Annuities	573	633	(9%)	-	-	-	573	633	(9%)	573	633	(9%)
Fixed Index Annuities	446	510	(13%)	-	-	-	446	510	(13%)	446	510	(13%)
Variable Annuities	4,554	3,517	29%	-	-	-	4,554	3,517	29%	4,554	3,517	29%
Life	7	7	0%	19	16	19%	26	23	13%	158	135	17%
<b>Sub-Total Retail</b>	<b>5,580</b>	<b>4,667</b>	<b>20%</b>	<b>19</b>	<b>16</b>	<b>19%</b>	<b>5,599</b>	<b>4,683</b>	<b>20%</b>	<b>5,731</b>	<b>4,795</b>	<b>20%</b>
Guaranteed Investment Contracts	408	422	(3%)	-	-	-	408	422	(3%)	408	422	(3%)
GIC - Medium Term Note	527	402	31%	-	-	-	527	402	31%	527	402	31%
<b>Total US Insurance Operations</b>	<b>6,515</b>	<b>5,491</b>	<b>19%</b>	<b>19</b>	<b>16</b>	<b>19%</b>	<b>6,534</b>	<b>5,507</b>	<b>19%</b>	<b>6,666</b>	<b>5,619</b>	<b>19%</b>
<b>Asian Insurance Operations <sup>(1a)</sup></b>												
China <sup>(10)</sup>	72	26	177%	40	35	14%	112	61	84%	268	191	40%
Hong Kong	501	325	54%	117	95	23%	618	420	47%	1,196	856	40%
India <sup>(6)</sup>	26	20	30%	177	106	67%	203	126	61%	728	415	75%
Indonesia	118	28	321%	109	66	65%	227	94	141%	494	249	98%
Japan	122	62	97%	22	6	267%	144	68	112%	214	88	143%
Korea	179	97	85%	241	197	22%	420	294	43%	1,267	1,069	19%
Malaysia	41	4	925%	78	71	10%	119	75	59%	472	410	15%
Singapore	593	347	71%	67	70	(4%)	660	417	58%	1,047	779	34%
Taiwan	132	84	57%	218	127	72%	350	211	66%	1,121	678	65%
Other <sup>(4)</sup>	36	15	140%	55	35	57%	91	50	82%	200	126	59%
<b>Total Asian Insurance Operations</b>	<b>1,820</b>	<b>1,008</b>	<b>81%</b>	<b>1,124</b>	<b>808</b>	<b>39%</b>	<b>2,944</b>	<b>1,816</b>	<b>62%</b>	<b>7,007</b>	<b>4,861</b>	<b>44%</b>
<b>Group Total</b>	<b>14,967</b>	<b>13,490</b>	<b>11%</b>	<b>1,377</b>	<b>1,025</b>	<b>34%</b>	<b>16,344</b>	<b>14,515</b>	<b>13%</b>	<b>21,302</b>	<b>18,192</b>	<b>17%</b>

PRUDENTIAL PLC - NEW BUSINESS - FULL YEAR 2007												
TOTAL INSURANCE AND INVESTMENT NEW BUSINESS												
	UK			US <sup>(1b)</sup>			Asia <sup>(1b)</sup>			Total		
	FY 2007	FY 2006	+/- (%)	FY 2007	FY 2006	+/- (%)	FY 2007	FY 2006	+/- (%)	FY 2007	FY 2006	+/- (%)
	£m	£m		£m	£m		£m	£m		£m	£m	
<b>Total Insurance Products</b>	<b>6,866</b>	7,192	(5%)	<b>6,534</b>	5,981	9%	<b>2,944</b>	1,921	53%	<b>16,344</b>	15,094	8%
<b>Total Investment Products Gross Inflows <sup>(2)</sup></b>	<b>14,745</b>	13,486	9%	<b>60</b>	-	-	<b>38,954</b>	20,408	91%	<b>53,759</b>	33,894	59%
	<b>21,611</b>	20,678	5%	<b>6,594</b>	5,981	10%	<b>41,898</b>	22,329	88%	<b>70,103</b>	48,988	43%
INSURANCE OPERATIONS												
	Single			Regular			Total			PVNBP		
	FY 2007	FY 2006	+/- (%)	FY 2007	FY 2006	+/- (%)	FY 2007	FY 2006	+/- (%)	FY 2007	FY 2006	+/- (%)
	£m	£m		£m	£m		£m	£m		£m	£m	
<b>UK Insurance Operations</b>												
<b>Product Summary</b>												
Internal Vesting annuities	1,399	1,341	4%	-	-	-	1,399	1,341	4%	1,399	1,341	4%
Direct and Partnership Annuities	842	780	8%	-	-	-	842	780	8%	842	780	8%
Intermediated Annuities	589	592	(1%)	-	-	-	589	592	(1%)	589	592	(1%)
<b>Total Individual Annuities</b>	<b>2,830</b>	2,713	4%	-	-	-	<b>2,830</b>	2,713	4%	<b>2,830</b>	2,713	4%
Equity Release	156	89	75%	-	-	-	156	89	75%	156	89	75%
Individual Pensions	38	21	81%	1	-	-	39	21	86%	42	21	100%
Corporate Pensions	283	318	(11%)	84	66	27%	367	384	(4%)	737	490	50%
Unit Linked Bonds	243	388	(37%)	-	-	-	243	388	(37%)	243	388	(37%)
With-Profit Bonds	297	139	114%	-	-	-	297	139	114%	297	139	114%
Protection	-	11	-	5	9	(44%)	5	20	(75%)	26	63	(59%)
Offshore Products	434	540	(20%)	4	-	-	438	540	(19%)	455	540	(16%)
<b>Total Retail Retirement</b>	<b>4,281</b>	4,219	1%	<b>94</b>	75	25%	<b>4,375</b>	4,294	2%	<b>4,786</b>	4,443	8%
Corporate Pensions	198	261	(24%)	115	100	15%	313	361	(13%)	604	643	(6%)
Other Products	190	232	(18%)	25	26	(4%)	215	258	(17%)	276	347	(20%)
DWP Rebates	143	161	(11%)	-	-	-	143	161	(11%)	143	161	(11%)
<b>Total Mature Life and Pensions</b>	<b>531</b>	654	(19%)	<b>140</b>	126	11%	<b>671</b>	780	(14%)	<b>1,023</b>	1,151	(11%)
<b>Total Retail</b>	<b>4,812</b>	4,873	(1%)	<b>234</b>	201	16%	<b>5,046</b>	5,074	(1%)	<b>5,809</b>	5,594	4%
Wholesale Annuities	1,799	1,431	26%	-	-	-	1,799	1,431	26%	1,799	1,431	26%
Credit Life	21	687	(97%)	-	-	-	21	687	(97%)	21	687	(97%)
<b>Total UK Insurance Operations</b>	<b>6,632</b>	6,991	(5%)	<b>234</b>	201	16%	<b>6,866</b>	7,192	(5%)	<b>7,629</b>	7,712	(1%)
<b>Channel Summary</b>												
Direct and Partnership	2,385	2,543	(6%)	209	174	20%	2,594	2,717	(5%)	3,287	3,133	5%
Intermediated	2,284	2,169	5%	25	27	(7%)	2,309	2,196	5%	2,378	2,300	3%
Wholesale	1,820	2,118	(14%)	-	-	-	1,820	2,118	(14%)	1,820	2,118	(14%)
<b>Sub-Total</b>	<b>6,489</b>	6,830	(5%)	<b>234</b>	201	16%	<b>6,723</b>	7,031	(4%)	<b>7,485</b>	7,551	(1%)
DWP Rebates	143	161	(11%)	-	-	-	143	161	(11%)	143	161	(11%)
<b>Total UK Insurance Operations</b>	<b>6,632</b>	6,991	(5%)	<b>234</b>	201	16%	<b>6,866</b>	7,192	(5%)	<b>7,629</b>	7,712	(1%)
<b>US Insurance Operations <sup>(1b)</sup></b>												
Fixed Annuities	573	688	(17%)	-	-	-	573	688	(17%)	573	688	(17%)
Fixed Index Annuities	446	554	(19%)	-	-	-	446	554	(19%)	446	554	(19%)
Variable Annuities	4,554	3,819	19%	-	-	-	4,554	3,819	19%	4,554	3,819	19%
Life	7	8	(13%)	19	17	12%	26	25	4%	158	147	7%
<b>Sub-Total Retail</b>	<b>5,580</b>	5,069	10%	<b>19</b>	<b>17</b>	12%	<b>5,599</b>	5,086	10%	<b>5,731</b>	5,208	10%
Guaranteed Investment Contracts	408	458	(11%)	-	-	-	408	458	(11%)	408	458	(11%)
GIC - Medium Term Note	527	437	21%	-	-	-	527	437	21%	527	437	21%
<b>Total US Insurance Operations</b>	<b>6,515</b>	5,964	9%	<b>19</b>	<b>17</b>	12%	<b>6,534</b>	5,981	9%	<b>6,666</b>	6,103	9%
<b>Asian Insurance Operations <sup>(1b)</sup></b>												
China <sup>(10)</sup>	72	27	167%	40	36	11%	112	63	78%	268	198	35%
Hong Kong	501	355	41%	117	103	14%	618	458	35%	1,196	933	28%
India <sup>(6)</sup>	26	20	30%	177	105	69%	203	125	62%	728	411	77%
Indonesia	118	31	281%	109	71	54%	227	102	123%	494	269	84%
Japan	122	68	79%	22	7	214%	144	75	92%	214	97	121%
Korea	179	103	74%	241	208	16%	420	311	35%	1,267	1,130	12%
Malaysia	41	4	925%	78	72	8%	119	76	57%	472	418	13%
Singapore	593	357	66%	67	72	(7%)	660	429	54%	1,047	803	30%
Taiwan	132	92	43%	218	139	57%	350	231	52%	1,121	743	51%
Other <sup>(4)</sup>	36	15	140%	55	36	53%	91	51	78%	200	130	54%
<b>Total Asian Insurance Operations</b>	<b>1,820</b>	1,072	70%	<b>1,124</b>	849	32%	<b>2,944</b>	1,921	53%	<b>7,007</b>	5,132	37%
<b>Group Total</b>	<b>14,967</b>	14,027	7%	<b>1,377</b>	1,067	29%	<b>16,344</b>	15,094	8%	<b>21,302</b>	18,947	12%

## PRUDENTIAL PLC - NEW BUSINESS - QUARTER 4 2007 VERSUS QUARTER 4 2006

INSURANCE OPERATIONS												
	Single			Regular			Total			PVNBP		
	Q4 2007	Q4 2006	+/- (%)	Q4 2007	Q4 2006	+/- (%)	Q4 2007	Q4 2006	+/- (%)	Q4 2007	Q4 2006	+/- (%)
	£m	£m		£m	£m		£m	£m		£m	£m	
<b>UK Insurance Operations</b>												
<b>Product Summary</b>												
Internal Vesting annuities	369	369	0%	-	-	-	369	369	0%	369	369	0%
Direct and Partnership Annuities	184	279	(34%)	-	-	-	184	279	(34%)	184	279	(34%)
Intermediated Annuities	140	188	(26%)	-	-	-	140	188	(26%)	140	188	(26%)
<b>Total Individual Annuities</b>	<b>693</b>	<b>836</b>	<b>(17%)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>693</b>	<b>836</b>	<b>(17%)</b>	<b>693</b>	<b>836</b>	<b>(17%)</b>
Equity Release	48	34	41%	-	-	-	48	34	41%	48	34	41%
Individual Pensions	11	5	120%	-	-	-	11	5	120%	13	5	160%
Corporate Pensions	162	265	(39%)	26	27	(4%)	188	292	(36%)	354	314	13%
Unit Linked Bonds	43	85	(49%)	-	-	-	43	85	(49%)	43	85	(49%)
With-Profit Bonds	114	49	133%	-	-	-	114	49	133%	114	49	133%
Protection	-	9	-	2	-	-	2	9	(78%)	6	24	(75%)
Offshore Products	129	100	29%	1	-	-	130	100	30%	135	100	35%
<b>Total Retail Retirement</b>	<b>1,200</b>	<b>1,383</b>	<b>(13%)</b>	<b>29</b>	<b>27</b>	<b>7%</b>	<b>1,229</b>	<b>1,410</b>	<b>(13%)</b>	<b>1,406</b>	<b>1,447</b>	<b>(3%)</b>
Corporate Pensions	30	73	(59%)	29	19	53%	59	92	(36%)	135	113	19%
Other Products	47	52	(10%)	5	7	(29%)	52	59	(12%)	70	80	(13%)
DWP Rebates	14	-	-	-	-	-	14	-	-	14	-	-
<b>Total Mature Life and Pensions</b>	<b>91</b>	<b>125</b>	<b>(27%)</b>	<b>34</b>	<b>26</b>	<b>31%</b>	<b>125</b>	<b>151</b>	<b>(17%)</b>	<b>219</b>	<b>193</b>	<b>13%</b>
<b>Total Retail</b>	<b>1,291</b>	<b>1,508</b>	<b>(14%)</b>	<b>63</b>	<b>53</b>	<b>19%</b>	<b>1,354</b>	<b>1,561</b>	<b>(13%)</b>	<b>1,625</b>	<b>1,640</b>	<b>(1%)</b>
Wholesale Annuities	1,754	131	1,239%	-	-	-	1,754	131	1,239%	1,754	131	1,239%
Credit Life	4	197	(98%)	-	-	-	4	197	(98%)	4	197	(98%)
<b>Total UK Insurance Operations</b>	<b>3,049</b>	<b>1,836</b>	<b>66%</b>	<b>63</b>	<b>53</b>	<b>19%</b>	<b>3,112</b>	<b>1,889</b>	<b>65%</b>	<b>3,383</b>	<b>1,968</b>	<b>72%</b>
<b>Channel Summary</b>												
Direct and Partnership	648	949	(32%)	58	47	23%	706	996	(29%)	957	1,045	(8%)
Intermediated	627	559	12%	5	6	(17%)	632	565	12%	651	595	9%
Wholesale	1,760	328	437%	-	-	-	1,760	328	437%	1,760	328	437%
<b>Sub-Total</b>	<b>3,035</b>	<b>1,836</b>	<b>65%</b>	<b>63</b>	<b>53</b>	<b>19%</b>	<b>3,098</b>	<b>1,889</b>	<b>64%</b>	<b>3,368</b>	<b>1,968</b>	<b>71%</b>
DWP Rebates	14	-	-	-	-	-	14	-	-	14	-	-
<b>Total UK Insurance Operations</b>	<b>3,049</b>	<b>1,836</b>	<b>66%</b>	<b>63</b>	<b>53</b>	<b>19%</b>	<b>3,112</b>	<b>1,889</b>	<b>65%</b>	<b>3,383</b>	<b>1,968</b>	<b>72%</b>
<b>US Insurance Operations <sup>(1b)(8)</sup></b>												
Fixed Annuities	152	172	(12%)	-	-	-	152	172	(12%)	152	172	(12%)
Fixed Index Annuities	104	117	(11%)	-	-	-	104	117	(11%)	104	117	(11%)
Variable Annuities	1,137	1,010	13%	-	-	-	1,137	1,010	13%	1,137	1,010	13%
Life	2	2	0%	6	4	50%	8	6	33%	54	43	26%
<b>Sub-Total Retail</b>	<b>1,395</b>	<b>1,301</b>	<b>7%</b>	<b>6</b>	<b>4</b>	<b>50%</b>	<b>1,401</b>	<b>1,305</b>	<b>7%</b>	<b>1,447</b>	<b>1,342</b>	<b>8%</b>
Guaranteed Investment Contracts	148	133	11%	-	-	-	148	133	11%	148	133	11%
GLC - Medium Term Note	(4)	(5)	20%	-	-	-	(4)	(5)	20%	(4)	(5)	20%
<b>Total US Insurance Operations</b>	<b>1,539</b>	<b>1,429</b>	<b>8%</b>	<b>6</b>	<b>4</b>	<b>50%</b>	<b>1,545</b>	<b>1,433</b>	<b>8%</b>	<b>1,591</b>	<b>1,470</b>	<b>8%</b>
<b>Asian Insurance Operations <sup>(1b)(8)</sup></b>												
China <sup>(10)</sup>	17	5	240%	7	15	(53%)	24	20	20%	65	60	8%
Hong Kong	178	131	36%	35	35	0%	213	166	28%	424	324	31%
India <sup>(6)</sup>	6	6	0%	53	28	89%	59	34	74%	219	148	48%
Indonesia	53	14	279%	38	22	73%	91	36	153%	192	86	123%
Japan	40	27	48%	6	4	50%	46	31	48%	66	42	57%
Korea	60	27	122%	61	53	15%	121	80	51%	284	400	(29%)
Malaysia	21	1	2,000%	29	24	21%	50	25	100%	186	136	37%
Singapore	168	86	95%	21	25	(16%)	189	111	70%	326	237	38%
Taiwan	33	34	(3%)	36	33	9%	69	67	3%	151	143	6%
Other <sup>(4)</sup>	15	6	150%	22	11	100%	37	17	118%	78	31	152%
<b>Total Asian Insurance Operations</b>	<b>591</b>	<b>337</b>	<b>75%</b>	<b>308</b>	<b>250</b>	<b>23%</b>	<b>899</b>	<b>587</b>	<b>53%</b>	<b>1,991</b>	<b>1,607</b>	<b>24%</b>
<b>Group Total</b>	<b>5,179</b>	<b>3,602</b>	<b>44%</b>	<b>377</b>	<b>307</b>	<b>23%</b>	<b>5,556</b>	<b>3,909</b>	<b>42%</b>	<b>6,965</b>	<b>5,045</b>	<b>38%</b>

INVESTMENT OPERATIONS									
		Opening	Gross Inflows		Redemptions	Net Inflows	Other	Market & Currency	Net
		FUM	£m		£m	£m	Movements	Movements	Movement
		£m					£m	£m	In FUM
									£m
<b>M&amp;G <sup>(5)</sup></b>	Q4 2007	49,907	3,933	(2,568)	1,365	(123)	72	1,314	51,221
	Q4 2006	42,258	3,505	(2,513)	992	(7)	1,703	2,688	44,946
	+/- (%)	18%	12%	(2%)	38%	(1,657%)	(96%)	(51%)	14%
<b>Asia Retail Mutual Funds</b>	Q4 2007	15,120	10,842	(10,346)	496	(125)	786	1,157	16,277
	Q4 2006	10,396	5,674	(4,737)	937	(35)	115	1,017	11,413
	+/- (%)	45%	91%	(118%)	(47%)	(257%)	583%	14%	43%
<b>Asia Third Party</b>	Q4 2007	980	167	(76)	91	-	45	136	1,116
	Q4 2006	758	40	(4)	36	-	46	82	840
	+/- (%)	29%	318%	(1,800%)	153%	-	(2%)	66%	33%
<b>US Retail Mutual Funds</b>	Q4 2007	32	27	(2)	25	-	(2)	23	55
	Q4 2006	-	-	-	-	-	-	-	-
	+/- (%)	-	-	-	-	-	-	-	-
<b>Total Investment Products</b>	Q4 2007	66,039	14,969	(12,992)	1,977	(248)	901	2,630	68,669
	Q4 2006	53,412	9,219	(7,254)	1,965	(42)	1,864	3,787	57,199
	+/- (%)	24%	62%	(79%)	1%	(490%)	(52%)	(31%)	20%

## PRUDENTIAL PLC - NEW BUSINESS - QUARTER 4 2007 VERSUS QUARTER 3 2007

INSURANCE OPERATIONS												
	Single			Regular			Total			PVNBP		
	Q4 2007	Q3 2007	+/- (%)	Q4 2007	Q3 2007	+/- (%)	Q4 2007	Q3 2007	+/- (%)	Q4 2007	Q3 2007	+/- (%)
	£m	£m		£m	£m		£m	£m		£m	£m	
<b>UK Insurance Operations</b>												
<b>Product Summary</b>												
Internal Vesting annuities	369	343	8%	-	-	-	369	343	8%	369	343	8%
Direct and Partnership Annuities	184	227	(19%)	-	-	-	184	227	(19%)	184	227	(19%)
Intermediated Annuities	140	167	(16%)	-	-	-	140	167	(16%)	140	167	(16%)
<b>Total Individual Annuities</b>	<b>693</b>	<b>737</b>	<b>(6%)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>693</b>	<b>737</b>	<b>(6%)</b>	<b>693</b>	<b>737</b>	<b>(6%)</b>
Equity Release	48	41	17%	-	-	-	48	41	17%	48	41	17%
Individual Pensions	11	9	22%	-	1	-	11	10	10%	13	9	44%
Corporate Pensions	162	14	1,057%	26	16	63%	188	30	527%	354	87	307%
Unit Linked Bonds	43	62	(31%)	-	-	-	43	62	(31%)	43	62	(31%)
With-Profit Bonds	114	69	65%	-	-	-	114	69	65%	114	69	65%
Protection	-	-	-	2	1	100%	2	1	100%	6	6	0%
Offshore Products	129	100	29%	1	1	0%	130	101	29%	135	105	29%
<b>Total Retail Retirement</b>	<b>1,200</b>	<b>1,032</b>	<b>16%</b>	<b>29</b>	<b>19</b>	<b>53%</b>	<b>1,229</b>	<b>1,051</b>	<b>17%</b>	<b>1,406</b>	<b>1,116</b>	<b>26%</b>
Corporate Pensions	30	58	(48%)	29	26	12%	59	84	(30%)	135	155	(13%)
Other Products	47	43	9%	5	7	(29%)	52	50	4%	70	61	15%
DWP Rebates	14	-	-	-	-	-	14	-	-	14	-	-
<b>Total Mature Life and Pensions</b>	<b>91</b>	<b>101</b>	<b>(10%)</b>	<b>34</b>	<b>33</b>	<b>3%</b>	<b>125</b>	<b>134</b>	<b>(7%)</b>	<b>219</b>	<b>216</b>	<b>1%</b>
<b>Total Retail</b>	<b>1,291</b>	<b>1,133</b>	<b>14%</b>	<b>63</b>	<b>52</b>	<b>21%</b>	<b>1,354</b>	<b>1,185</b>	<b>14%</b>	<b>1,625</b>	<b>1,332</b>	<b>22%</b>
Wholesale Annuities	1,754	7	24,957%	-	-	-	1,754	7	24,957%	1,754	7	24,957%
Credit Life	4	2	100%	-	-	-	4	2	100%	4	2	100%
<b>Total UK Insurance Operations</b>	<b>3,049</b>	<b>1,142</b>	<b>167%</b>	<b>63</b>	<b>52</b>	<b>21%</b>	<b>3,112</b>	<b>1,194</b>	<b>161%</b>	<b>3,383</b>	<b>1,341</b>	<b>152%</b>
<b>Channel Summary</b>												
Direct and Partnership	648	586	11%	58	45	29%	706	631	12%	957	763	25%
Intermediated	627	549	14%	5	7	(29%)	632	556	14%	651	571	14%
Wholesale	1,760	7	25,043%	-	-	-	1,760	7	25,043%	1,760	7	25,043%
<b>Sub-Total</b>	<b>3,035</b>	<b>1,142</b>	<b>166%</b>	<b>63</b>	<b>52</b>	<b>21%</b>	<b>3,098</b>	<b>1,194</b>	<b>159%</b>	<b>3,368</b>	<b>1,341</b>	<b>151%</b>
DWP Rebates	14	-	-	-	-	-	14	-	-	14	-	-
<b>Total UK Insurance Operations</b>	<b>3,049</b>	<b>1,142</b>	<b>167%</b>	<b>63</b>	<b>52</b>	<b>21%</b>	<b>3,112</b>	<b>1,194</b>	<b>161%</b>	<b>3,383</b>	<b>1,341</b>	<b>152%</b>
<b>US Insurance Operations <sup>(1b)(8)</sup></b>												
Fixed Annuities	152	130	17%	-	-	-	152	130	17%	152	130	17%
Fixed Index Annuities	104	122	(15%)	-	-	-	104	122	(15%)	104	122	(15%)
Variable Annuities	1,137	1,174	(3%)	-	-	-	1,137	1,174	(3%)	1,137	1,174	(3%)
Life	2	2	0%	6	4	50%	8	6	33%	54	36	50%
<b>Sub-Total Retail</b>	<b>1,395</b>	<b>1,428</b>	<b>(2%)</b>	<b>6</b>	<b>4</b>	<b>50%</b>	<b>1,401</b>	<b>1,432</b>	<b>(2%)</b>	<b>1,447</b>	<b>1,462</b>	<b>(1%)</b>
Guaranteed Investment Contracts	148	127	17%	-	-	-	148	127	17%	148	127	17%
GIC - Medium Term Note	(4)	(4)	0%	-	-	-	(4)	(4)	0%	(4)	(4)	0%
<b>Total US Insurance Operations</b>	<b>1,539</b>	<b>1,551</b>	<b>(1%)</b>	<b>6</b>	<b>4</b>	<b>50%</b>	<b>1,545</b>	<b>1,555</b>	<b>(1%)</b>	<b>1,591</b>	<b>1,585</b>	<b>0%</b>
<b>Asian Insurance Operations <sup>(1b)(8)</sup></b>												
China <sup>(10)</sup>	17	36	(53%)	7	13	(46%)	24	49	(51%)	65	91	(29%)
Hong Kong	178	124	44%	35	28	25%	213	152	40%	424	279	52%
India <sup>(6)</sup>	6	4	50%	53	43	23%	59	47	26%	219	169	30%
Indonesia	53	30	77%	38	28	36%	91	58	57%	192	124	55%
Japan	40	30	33%	6	5	20%	46	35	31%	66	51	29%
Korea	60	47	28%	61	67	(9%)	121	114	6%	284	375	(24%)
Malaysia	21	11	91%	29	17	71%	50	28	79%	186	100	86%
Singapore	168	119	41%	21	16	31%	189	135	40%	326	237	38%
Taiwan	33	36	(8%)	36	46	(22%)	69	82	(16%)	151	259	(42%)
Other <sup>(4)</sup>	15	8	88%	22	12	83%	37	20	85%	78	45	73%
<b>Total Asian Insurance Operations</b>	<b>591</b>	<b>445</b>	<b>33%</b>	<b>308</b>	<b>275</b>	<b>12%</b>	<b>899</b>	<b>720</b>	<b>25%</b>	<b>1,991</b>	<b>1,730</b>	<b>15%</b>
<b>Group Total</b>	<b>5,179</b>	<b>3,138</b>	<b>65%</b>	<b>377</b>	<b>331</b>	<b>14%</b>	<b>5,556</b>	<b>3,469</b>	<b>60%</b>	<b>6,965</b>	<b>4,656</b>	<b>50%</b>

## INVESTMENT OPERATIONS

		Opening						Net		
		FUM	Gross Inflows	Redemptions	Net Inflows	Other	Market & Currency	Movement		
		£m	£m	£m	£m	Movements	Movements	In FUM		Closing
						£m	£m	£m		FUM
<b>M&amp;G <sup>(5)</sup></b>	Q4 2007	49,907	3,933	(2,568)	1,365	(123)	72	1,314		51,221
	Q3 2007	48,624	3,293	(3,067)	226	(85)	1,142	1,283		49,907
	+/- (%)	3%	19%	16%	504%	(45%)	(94%)	2%		3%
<b>Asia Retail Mutual Funds</b>	Q4 2007	15,120	10,842	(10,346)	496	(125)	786	1,157		16,277
	Q3 2007	13,677	10,463	(9,757)	706	(21)	758	1,443		15,120
	+/- (%)	11%	4%	(6%)	(30%)	(495%)	4%	(20%)		8%
<b>Asia Third Party</b>	Q4 2007	980	167	(76)	91	-	45	136		1,116
	Q3 2007	903	11	(5)	6	-	71	77		980
	+/- (%)	9%	1,418%	(1,420%)	1,417%	-	(37%)	77%		14%
<b>US Retail Mutual Funds</b>	Q4 2007	32	27	(2)	25	-	(2)	23		55
	Q3 2007	18	14	(1)	13	-	1	14		32
	+/- (%)	78%	93%	(100%)	92%	-	(300%)	64%		72%
<b>Total Investment Products</b>	Q4 2007	66,039	14,969	(12,992)	1,977	(248)	901	2,630		68,669
	Q3 2007	63,222	13,781	(12,830)	951	(106)	1,972	2,817		66,039
	+/- (%)	4%	9%	(1%)	108%	(134%)	(54%)	(7%)		4%

**PRUDENTIAL PLC - NEW BUSINESS SCHEDULES****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 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 rebate business is classified as single recurrent business. Internal vesting business is classified as new business where the contracts include an open market option. New Department of Work and Pensions rebate business for SAIF is excluded from the new business schedules. This is because SAIF is solely for the benefit of SAIF policyholders.

Investment products referred to in the tables for funds under management are unit trusts, mutual funds and similar types of retail fund management arrangements. These are unrelated to insurance products that are classified as investment contracts 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.

The premiums for 2006 for wholesale annuities for UK insurance operations include £560 million for a bulk annuity transaction with the Scottish Amicable Insurance Fund (SAIF). SAIF is a closed ring-fenced sub-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.

From 12 August 2007 the shareholding in CITIC-Prudential funds operation in China has increased from 33 per cent to 49 per cent.

**Notes to Schedules 21 - 29**

<sup>(1a)</sup> Insurance and investment new business for overseas operations has been calculated using constant exchange rates. The applicable rate for Jackson is 2.00.

<sup>(1b)</sup> Insurance and investment new business for overseas operations has been calculated using average exchange rates. The applicable rate for Jackson is 2.00 (2006: 1.84).

<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. PVNBP's 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 Hong Kong MPF operation.

<sup>(7)</sup> Balance sheet figures have been calculated at the closing exchange rate. The 2006 balance is shown on 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> £344 million of FUM and £(1) million of net flows reported under Prudential Asian funds operations relate to M&G's products distributed through those Asian operations and this amount is also included in M&G's FUM.

<sup>(10)</sup> In China, fourth quarter sales have been incorporated in Group results at 50 per cent of APE, to reflect the change in the right to appoint the CEO in accordance with the original agreement with CITIC.