INTRODUCTION

What this report covers

This report to shareholders:

- sets out our remuneration policy for executive directors for 2004;
- explains the policy under which our executive and non-executive directors were remunerated for the year ended 31 December 2004;
- sets out tables of information showing details of the remuneration and share interests of all the directors for the year ended 31 December 2004; and
- sets out our remuneration policy for executive directors for 2005.

Compliance with the Directors' Remuneration Regulations

This report has been approved by the Board and, as required by The Directors' Remuneration Report Regulations 2002 (the Regulations), a resolution will be put to shareholders at the Annual General Meeting inviting them to consider and approve it. This report complies with the requirements of the Regulations and KPMG Audit Plc have audited the sections contained in pages 47 to 52 as required by the Companies Act 1985.

THE REMUNERATION COMMITTEE

Role of the Remuneration Committee

The Board believes that a properly constituted and effective Remuneration Committee is key to ensuring that executive directors' remuneration is aligned with shareholders' interests and enhances the competitiveness of the Company. The terms of reference of the Remuneration Committee are available on the Company's website and a copy may be obtained from the Company Secretary, Group Secretarial Department. The Board has delegated to the Remuneration Committee the setting of the remuneration policy and individual remuneration packages for the Chairman and the executive directors. The fees of non-executive directors are a matter for the Board itself. The Chairman and the Group Chief Executive attend Remuneration Committee meetings to provide background and context on matters relating to the remuneration of the other executive directors, but do not attend when their own remuneration is discussed. No director has any involvement in determining his or her own remuneration. The Remuneration Committee meets on at least three occasions each year and more frequently if necessary.

Membership of the Remuneration Committee

The members of the Remuneration Committee during 2004, who are listed below, were all independent non-executive directors:

Roberto Mendoza (Chairman)
Bart Becht (until 31 August 2004)
Michael Garrett (from 1 September 2004)
Bridget Macaskill
Kathleen O'Donovan
James Ross (from 6 May 2004)
Rob Rowley
Sandy Stewart (until 6 May 2004)

Advisers to the Remuneration Committee

During 2004 the Group Human Resources Director was invited to provide the Committee with her views and advice on matters considered by the Committee. The Committee appointed Towers Perrin to provide consultancy and market data and Freshfields Bruckhaus Deringer to advise on legal matters. Towers Perrin also provided the Company with consultancy advice and salary survey information and Freshfields Bruckhaus Deringer provided other legal advice.

Compliance with the Combined Code

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

The Board welcomes the introduction of the revised Combined Code which came into effect in 2004 and has reviewed the provisions in Schedule A, Schedule B and Schedule C and the revised Combined Code's provisions relating to the Code on Corporate Governance and Code of Best Practice regarding directors' remuneration.

REMUNERATION POLICY

The aim of the Company's remuneration policy is to be able to recruit and retain the highest calibre executives. To achieve this objective, Prudential must continue to use remuneration practices relevant to the different markets in which the Company does business around the world. The Remuneration Committee considers remuneration within the context of the UK's regulatory framework and shareholder views, and is guided by UK corporate governance standards.

The Remuneration Committee recognises that a successful remuneration policy needs to be sufficiently flexible to take account of changes in the Company's business environment. The Committee will keep the policy under review, consulting with major shareholders over any proposed changes. Any changes to the policy will be described in future Remuneration Reports.

Key Principles of the Remuneration Policy

The principles developed by the Remuneration Committee reflect the relative importance of those elements that are performance-related and those which are fixed and are as follows:

- a high proportion of total remuneration will be delivered through performance-related reward;
- a significant element of performance-related reward will be provided in the form of shares;
- the total remuneration package for each director will be set in relation to the relevant employment market;
- performance measures will include both absolute financial measures and comparative measures as appropriate to provide a clear alignment between the creation of shareholder value and reward; and
- performance will be rewarded at both a business and Group level.

Total Remuneration Levels

Total remuneration means basic salary and short- and long-term incentives. Award levels for the Group Chief Executive are set by the Remuneration Committee by reference to the total remuneration levels of other chief executives of UK-based major international companies and major UK financial services companies. This approach reflects the international scope of Prudential's business. The total remuneration levels for the other executive directors are set similarly by reference to levels in their relevant markets. All pay data is externally provided.

REMUNERATION POLICY FOR EXECUTIVE DIRECTORS FOR 2004 AND 2005

The policy on remuneration levels and elements of the remuneration package for 2005 are set out below. The policy remains unchanged from 2004.

Elements of the Remuneration Package

The remuneration package for the Company's executive directors comprises the following elements:

- a basic salary;
- an annual incentive;
- long-term incentives, paid in cash or shares depending on the plan; and
- pension entitlement and other benefits.

Basic salary

The Remuneration Committee normally reviews executive directors' salaries each year on an individual basis having regard to business results, individual accountabilities and performance, and market conditions.

Annual incentive plans

Annual incentive payouts for executive directors depend on performance and are paid in cash or shares as indicated below. Performance is measured against the stretching quantitative financial and business objectives in our business plans. Personal performance is also taken into account. Annual bonus awards are not pensionable.

The levels of annual incentive awards are set as a percentage of salary and are as follows:

	Target % of salary	Maximum % of salary
Jonathan Bloomer*	50	110
Philip Broadley*	50	110
Clark Manning**	100	120
Michael McLintock*	300	500
Mark Norbom*	50	110
Mark Wood*	50	110

Notes
Michael McLintock's annual incentive award is in line with remuneration levels in the investment management industry and is based on the profits of M&G, the fund performance of M&G and Group and individual performance.

* The annual incentive for these executive directors is further aligned with the interests of shareholders in that any part of the annual incentive award made for performance above target is made in Prudential shares. Receipt of these shares is deferred and the shares are normally only released after three years providing the director is still in employment. During the deferral period, dividends accumulate for the benefit of award holders.

** Clark Manning is also eligible to receive an annual bonus which provides for a percentage share of a bonus pool geared to the profits of Jackson National Life. He is additionally eligible to participate in a US tax qualified all-employee profit sharing plan.

Long-term incentive plans

The policy described below is for 2004 and it is intended that the same awards will be made in 2005. Our long-term incentive plans are designed to drive the underlying financial performance of the business i.e. both value creation/business performance and relative Total Shareholder Return (TSR). The plans also recognise that strong regional performance is critical to Group performance. In order to grow the value of Prudential for shareholders, the Board needs to focus on growing each area of business. Executive directors that run a business area therefore also participate in a long-term incentive plan geared to their business reflecting those responsibilities. In all cases the performance period is three years and for example the 2004 awards run from the beginning of 2004 to the end of 2006.

Restricted Share Plan

The Group's primary long-term incentive plan for a number of years has been the Restricted Share Plan (RSP) which was designed to provide rewards linked to the returns to shareholders.

This important performance-related element of the total reward package for executive directors rewards the achievement of TSR relative to other companies that were in the FTSE 100 at the beginning of each three-year performance period. The performance measure was chosen when the RSP was introduced as it reflected a combination of market practice, an assessment of Prudential's main competitors and the focus of UK investors at that time.

For any awards under the RSP to vest, the Remuneration Committee must also be satisfied with the Company's underlying financial performance over the performance period. At the end of each performance period, depending on the Company's performance, executive directors may be granted a right to receive shares at no cost to the individual.

No award is made if the Company's TSR performance is ranked below 50th percentile. For performance at 50th percentile, an award of 25 per cent of the maximum award is made. The maximum grant will be made only if the TSR ranking of the Company is 20th percentile or above. Between these points, the size of the grant made will be calculated on a straight line sliding scale. In normal circumstances, directors may take up their right to receive shares at any time during the following seven years.

In 2004, for Jonathan Bloomer the conditional and maximum RSP award was equivalent to 200 per cent of his basic salary at the time the award was granted. For Philip Broadley, Clark Manning, Mark Norbom and Mark Wood, these awards were equivalent to 160 per cent of basic salary and for Michael McLintock this award was equivalent to 80 per cent of basic salary.

Details of all outstanding RSP awards are set out in the section on the Restricted Share Plan on pages 48 and 49.

Business-specific long-term incentive plans

Clark Manning

To reflect his role as Chief Executive of Jackson National Life, Clark Manning participates in a cash-based long-term plan that rewards the growth in appraisal value of Jackson National Life. The award payout equals an initial award value multiplied by a factor equalling the Prudential plc share price at the end of the performance period divided by the price at the beginning. In order for any award to be made under the 2004 plan the appraisal value growth of Jackson National Life over the performance period must be eight per cent per annum compound or greater. At this level of performance the initial award value is US$864,240. If the on-target performance level of 11.5 per cent per annum compound is achieved the initial award value is doubled. If the annual growth rate is at least 17.5 per cent the initial award increases to a maximum of three times the initial award. For performance between these points payouts are on a straight line sliding scale.

Michael McLintock

To reflect his role as Chief Executive of M&G, Michael McLintock participates in the M&G Chief Executive Long Term Incentive Plan that provides a cash reward through phantom M&G share awards and options, whose value depends on the profit and fund performance of M&G over the performance period. The change in the phantom share price equals the change in M&G profit, modified up or down by the investment performance of M&G, over the performance period. For 2004 the face value of the share award was £225,000. Provided the phantom share options have value, they may be exercised in part or in full during annual exercise periods after three to seven years from the start of the performance period. For 2004 the phantom option award had a face value of £367,800.

Mark Norbom

To reflect his role as Chief Executive of Asia, Mark Norbom participates in the Asian Long-term Incentive Plan which is a cash-based plan that rewards the growth in value of our Asian businesses. Under the 2005 award the plan will only pay out if the growth of the Asian business, as measured under the plan, is greater than 15 per cent per annum compound over the performance period. At this level of performance a payment of 50 per cent of basic salary is made. The on-target payout is 100 per cent of salary, for which an annual growth rate of 35 per cent is required. If an annual growth rate of 50 per cent or more is achieved, the maximum of 150 per cent of basic salary is paid. For performance between these points payouts are on a straight line sliding scale.

Mark Wood

To reflect his role as Chief Executive of UK and Europe, Mark Wood participates in a cash-based long-term plan that rewards the growth in appraisal value of Prudential UK and Europe over the performance period. This plan will only pay out if the growth in appraisal value of the UK and Europe business is greater than eight per cent per annum compound over the performance period. At this level of performance a payment of 50 per cent of basic salary is made. The on-target payout is 75 per cent of basic salary for which a growth rate of 11.5 per cent is required. If a growth rate of 17.5 per cent or more is achieved the maximum of 100 per cent of basic salary is paid. For performance between these points payouts are on a straight line sliding scale.

CHAIRMAN'S LETTER OF APPOINTMENT AND BENEFITS

The Chairman is paid annual fees and the contractual notice periods are 12 months from either party. The Chairman participates in a medical insurance scheme, has life assurance cover and has the use of a car and driver. He is entitled to a supplement to his fees, intended for pension purposes. He is not a member of any Group pension scheme providing retirement benefits.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Executive directors have contracts that terminate on their normal retirement date, which is the date of their 60th birthday. The normal notice of termination that the Company is required to give executive directors is 12 months, although for newly appointed directors there may be an initial contractual period of up to two years before the 12 months' notice period applies. The service contracts for all current executive directors contain a 12 months' notice period from the Company. When considering termination of service contracts, the Remuneration Committee will have regard to the specific circumstances of each case, including a director's obligation to mitigate his loss.

The contract for Clark Manning is a renewable one-year fixed-term contract. The contract is renewable automatically upon the same terms and conditions unless the Company or Clark Manning gives at least 90 days' notice prior to the end of the relevant term. In the case of the former, Clark Manning is entitled to continued payment of salary and benefits for the period of one year from the day such notice is delivered to him. The contract can also be terminated by the Company or Clark Manning by giving 12 months' notice. Payments of Clark Manning's salary during the period following the termination of employment will be reduced by the amount of any compensation earned by him from any subsequent employer or from any person for whom he performs services. Benefits to be provided during such period will also be cancelled to the extent that comparable benefits are available to him from these alternative sources.

Executive directors, with the exception of Michael McLintock, are required to give 12 months' notice of termination to the Company. Michael McLintock is required to give six months' notice to the Company.

Name	Date of contract	Notice period to the Company	Notice period from the Company
Executive directors			
Jonathan Bloomer	5 Mar 1999	12 months	12 months
Philip Broadley	12 Apr 2000	12 months	12 months
Clark Manning	7 May 2002	12 months*	12 months*
Michael McLintock	21 Nov 2001	6 months	12 months
Mark Norbom	23 Dec 2003	12 months	12 months
Mark Wood	5 Oct 2001	12 months	12 months

* The contract can also be terminated by issuing a non-renewal notice as described above.

Non-executive directors do not have service contracts but are appointed pursuant to letters of appointment with notice periods of six months without liability for compensation.

Name	Date of initial appointment by the Board	Commencement date of current term[1]	Expiry date of current term
Non-executive directors			
Michael Garrett	1 Sep 2004	AGM 2005[2]	AGM 2008
Bridget Macaskill	1 Sep 2003	AGM 2004	AGM 2007
Roberto Mendoza	25 May 2000	AGM 2004	AGM 2007
Kathleen O'Donovan	8 May 2003	AGM 2004	AGM 2007
James Ross	6 May 2004	AGM 2005[2]	AGM 2008
Rob Rowley	8 Jul 1999	AGM 2003	AGM 2006

Notes

1. Under the terms of their letters of appointment, the non-executive directors serve for an initial term of three years following their election by shareholders at the Annual General Meeting after their appointment by the Board.

2. The commencement and expiry dates of Michael Garrett's and James Ross's initial terms are subject to resolutions for their election being passed at the Annual General Meeting in May 2005.

BENEFITS AND PROTECTIONS

Executive directors receive certain benefits, principally participation in medical insurance schemes, the provision of a cash allowance for a car (except for Clark Manning and Mark Norbom), and, in some cases the use of a car and driver and security arrangements. Mark Norbom also receives expatriate allowances. No benefits are pensionable. The executive directors' pension arrangements and life assurance provisions are set out in the Pensions and Life Assurance section on pages 51 to 52.

Except for Clark Manning, the executive directors are eligible to participate in either the Company's UK or International Savings-Related Share Option Scheme. Options granted under these schemes are not subject to performance conditions.

In addition, the Company provides certain protections for directors and senior managers against personal financial exposure that they may incur in their capacity as such.

POLICY ON EXTERNAL APPOINTMENTS

Subject to the Board's approval, executive directors are able to accept external appointments as non-executive directors of other organisations.

NON-EXECUTIVE DIRECTORS' REMUNERATION

Non-executive directors are not eligible to participate in annual incentive plans, long-term incentive plans or pension arrangements. Their fees are determined by the Board and reflect their individual responsibilities including membership of the Audit and Remuneration Committees as appropriate. The Board reviews the fees annually but the last change was made in 2003.

The basic fee is £50,000 per annum. The additional Audit Committee chairmanship fee is £40,000 per annum. An additional fee of £5,000 per annum is paid to the other members of the Audit Committee. The Remuneration Committee chairmanship fee is £20,000 per annum, although the Chairman of the Remuneration Committee waived the last increase to the chairmanship fee and receives only £10,000 per annum.

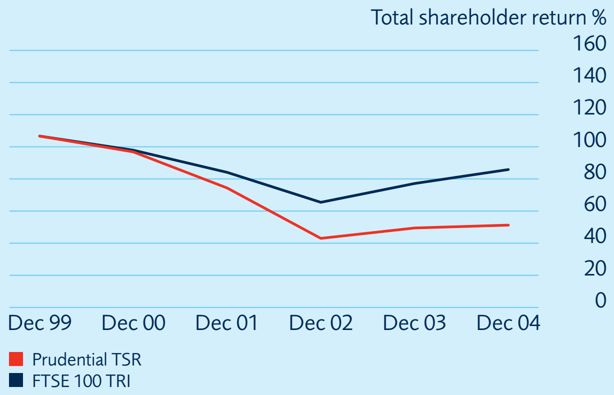
The non-executive directors use the net value of £25,000 of their total annual fees to purchase shares in the Company on a quarterly basis. These shares are held at least until retirement from the Board.

Roberto Mendoza, as Chairman of Egg, receives a fee of £75,000 per annum and Sandy Stewart, as Chairman of the Scottish Amicable (supervisory) Board, received a fee of £30,000 per annum until 1 December 2004, when the fee was increased to £32,500 per annum.

PERFORMANCE GRAPH

The line graph below represents the comparative Total Shareholder Return (TSR) of the Company during the five years from 1 January 2000 to 31 December 2004.

PRUDENTIAL TSR vs FTSE 100 TOTAL RETURNS INDEX (TRI)



This graph shows the Company's Total Shareholder Return performance against the FTSE 100 index, which is a broad equity market index of UK companies of comparable size and complexity to Prudential.

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

DIRECTORS' SHAREHOLDINGS

The current shareholding policy is that as a condition of serving, all executive and non-executive directors are required to have beneficial ownership of 2,500 shares in the Company. This interest in shares must be acquired within two months of appointment to the Board if the director does not have such an interest in that number upon appointment. As stated on page 45, non-executive directors have also used a proportion of their fees to purchase additional shares in the Company on a quarterly basis.

The interests of directors in shares of the Company include shares awarded under the Share Participation Plan, the deferred annual incentive awards that are detailed in the table on Other Share Awards on page 50, shares held for Michael McLintock in an M&G all-employee trust established prior to the acquisition of M&G in 1999 which were released to him during the year, and Mark Norbom's interests in the shares awarded on appointment that are detailed in the table on Other Share Awards on page 50. In addition, interests include rights granted to Jonathan Bloomer under the 1997, 1998 and 1999 Restricted Share Plan that are detailed in the table on the Restricted Share Plan on page 49 where he has yet to exercise his right to receive shares. Awards that remain conditional under the Restricted Share Plan are excluded.

The interests of directors in shares of the Company shown below include changes between 31 December 2004 and 1 March 2005. All interests are beneficial.

	1 Jan 2004*	31 Dec 2004	1 Mar 2005**
Jonathan Bloomer[1]	**371,193**	**828,079**	**828,079**
Philip Broadley	**13,591**	**29,554**	**29,554**
Sir David Clementi	**10,742**	**16,615**	**16,615**
Michael Garrett	**10,000**	**11,091**	**11,091**
Bridget Macaskill	**5,970**	**9,707**	**9,707**
Clark Manning	**23,306**	**24,163**	**24,163**
Michael McLintock	**47,732**	**109,625**	**109,625**
Roberto Mendoza	**105,516**	**132,200**	**132,200**
Mark Norbom[2]	**2,500**	**584,323**	**584,323**
Kathleen O'Donovan	**4,399**	**7,564**	**7,564**
James Ross	**2,500**	**5,236**	**5,236**
Rob Rowley	**31,634**	**40,969**	**40,969**
Mark Wood	**126,520**	**157,221**	**157,221**

* Or date of appointment if later.

** Updated to 22 March 2005 on page 126.

Notes
1. Jonathan Bloomer's interests in shares included 100 American Depositary Receipts (representing 200 ordinary shares) at 1 January 2004 and 31 December 2004.

2. Mark Norbom's interests in shares included 1,250 American Depositary Receipts (representing 2,500 ordinary shares) at 1 January 2004 and 1,265.50 American Depositary Receipts (representing 2,531 ordinary shares) at 31 December 2004.

The interests of directors in shares of the Company's listed subsidiary, Egg plc, are shown below, including changes between 31 December 2004 and 1 March 2005.

	1 Jan 2004	31 Dec 2004	1 Mar 2005*
Jonathan Bloomer	**9,092**	**9,092**	**9,092**
Philip Broadley	**2,610**	**2,610**	**2,610**
Roberto Mendoza	**250,000**	**300,000**	**300,000**
Rob Rowley	**940**	**940**	**940**

* Updated to 22 March 2005 on page 126.

DIRECTORS' REMUNERATION FOR 2004

	Salary/Fees £000	Bonus £000	Other payments £000	Benefits[1] £000	Total emoluments 2004 £000	Total emoluments 2003 £000
Chairman						
Sir David Clementi	**435**	**–**		**25**	**460**	444
Executive directors						
Jonathan Bloomer	**800**	**275**		**45**	**1,120**	1,109
Philip Broadley (note 2)	**500**	**250**		**38**	**788**	750
Clark Manning (note 3)	**464**	**1,003**		**19**	**1,486**	1,326
Michael McLintock (notes 4 and 5)	**320**	**1,396**		**58**	**1,774**	1,528
Mark Norbom (from 1 January 2004, notes 6, 7 and 8)	**475**	**395**	**233**	**239**	**1,342**	–
Mark Tucker (until 30 June 2003, note 9)	**–**	**–**		**–**	**–**	454
Mark Wood (note 10)	**500**	**419**		**47**	**966**	727
Total executive directors	**3,059**	**3,738**	**233**	**446**	**7,476**	5,894
Non-executive directors						
Sir David Barnes (until 8 May 2003)	**–**				**–**	16
Bart Becht (until 31 August 2004)	**33**				**33**	50
Ann Burdus (until 31 December 2003)	**–**				**–**	53
Michael Garrett (from 1 September 2004)	**17**				**17**	–
Bridget Macaskill (from 1 September 2003)	**50**				**50**	17
Roberto Mendoza	**135**				**135**	131
Kathleen O'Donovan (from 8 May 2003)	**55**				**55**	35
James Ross (from 6 May 2004)	**36**				**36**	–
Rob Rowley	**90**				**90**	80
Sandy Stewart (until 6 May 2004)	**49**				**49**	83
Total non-executive directors	**465**				**465**	465
Overall total	**3,959**	**3,738**	**233**	**471**	**8,401**	6,803

Notes

1. Benefits include cash allowances for cars.

2. In 2004 a deferred share award valued at £27,300 from his 2003 annual bonus was made to Philip Broadley. This is included in the 2003 total and further details are shown in the section on Other Share Awards on page 50.

3. Clark Manning's bonus figure excludes a contribution of £6,712 from a profit sharing plan that has been made into a 401k retirement plan which is included in the table on pension contributions on page 52.

4. In 2004 a deferred share award valued at £244,000 from his 2003 annual bonus was made to Michael McLintock. This is included in the 2003 total and further details are shown in the section on Other Share Awards on page 50.

5. It is intended that a deferred share award valued at £435,547 from his 2004 annual bonus will be made to Michael McLintock. This is included in the 2004 bonus figure.

6. It is intended that a deferred share award valued at £157,795 from his 2004 annual bonus will be made to Mark Norbom. This is included in the 2004 bonus figure.

7. In 2004 Mark Norbom was also paid £80,358 in dividend equivalents from the awards detailed in the section on Other Share Awards on page 50. In addition he was compensated for the loss of a portion of his 2003 bonus award and his 2003 long-term incentive award from his previous employer with a total cash sum of £152,410. These amounts are included in the column headed Other payments.

8. Mark Norbom's benefits include those that reflect his expatriate status, which include costs of £149,085 related to housing. He was also paid £29,513 in respect of relocation expenses, not included in the benefits figure.

9. Mark Tucker's 2003 annual bonus which was paid in July 2004 is included in the 2003 total. Mark Tucker was paid £363,267 from his 2001 long-term incentive plan, details of which are set out in the table Business-specific Long-Term Incentive Plans on page 49.

10. It is intended that a deferred share award valued at £168,550 from his 2004 annual bonus will be made to Mark Wood. This is included in the 2004 bonus figure.

The Remuneration Committee reviewed each executive director's individual contribution and the strong operating performance of the Group in 2004 against the 2004 business plans and was satisfied that the bonus payments made for the year are fully justified.

EXECUTIVE DIRECTORS – NON-EXECUTIVE DIRECTOR EARNINGS

Executive directors who are released to serve as non-executive directors of other external companies retain the earnings resulting from such duties. In 2004, Michael McLintock earned £43,468 from an external company. No other executive director served with an external company, other than with educational bodies.

DIRECTORS' OUTSTANDING LONG-TERM INCENTIVE AWARDS

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

Restricted Share Plan

The table below shows all outstanding awards under the Restricted Share Plan.

		Rights granted under the Restricted Share Plan						
Name	Year of initial award	Conditional share awards outstanding at 1 Jan 2004	Conditional award in 2004	Market price of 2004 award on date of grant (pence)	Rights (options) granted upon vesting in 2004	Adjustment for Rights Issue on 11 Nov 2004	Conditional share awards outstanding at 31 Dec 2004	Date of end of performance period
Jonathan Bloomer								
	2001	**135,301**					**–**[1]	31 Dec 03
	2002	**177,110**				**8,693**	**185,803**[2]	31 Dec 04
	2003	**266,527**				**13,083**	**279,610**	31 Dec 05
	2004		**401,708**	**468**		**19,718**	**421,426**	31 Dec 06
		578,938	**401,708**			**41,494**	**886,839**	
Philip Broadley								
	2001	**57,401**					**–**[1]	31 Dec 03
	2002	**85,990**				**4,220**	**90,210**[2]	31 Dec 04
	2003	**127,653**				**6,266**	**133,919**	31 Dec 05
	2004		**200,854**	**468**		**9,859**	**210,713**	31 Dec 06
		271,044	**200,854**			**20,345**	**434,842**	
Clark Manning								
	2002	**107,086**				**5,256**	**112,342**[2]	31 Dec 04
	2003	**141,874**				**6,964**	**148,838**	31 Dec 05
	2004		**186,995**	**468**		**9,179**	**196,174**	31 Dec 06
		248,960	**186,995**			**21,399**	**457,354**	
Michael McLintock								
	2001	**25,420**					**–**[1]	31 Dec 03
	2002	**30,292**				**1,486**	**31,778**[2]	31 Dec 04
	2003	**43,486**				**2,134**	**45,620**	31 Dec 05
	2004		**64,274**	**468**		**3,155**	**67,429**	31 Dec 06
		99,198	**64,274**			**6,775**	**144,827**	
Mark Norbom								
	2004		**190,811**	**468**		**9,366**	**200,177**	31 Dec 06
			190,811			**9,366**	**200,177**	
Mark Wood								
	2002	**87,944**				**4,316**	**92,260**[2]	31 Dec 04
	2003	**131,861**				**6,472**	**138,333**	31 Dec 05
	2004		**200,854**	**468**		**9,859**	**210,713**	31 Dec 06
		219,805	**200,854**			**20,647**	**441,306**	

The 2004 and 2005 awards are described in detail on page 43. For RSP awards prior to 2004, no rights are granted if the Company's TSR performance as ranked against the comparator group is at the 60th percentile or below. The maximum grant is made only if the TSR ranking of the Company is 20th percentile or above. Between these points, the size of the grant made is calculated on a straight line sliding scale. In normal circumstances, directors may take up their right to receive shares at any time during the following seven years.

The awards made in respect of 2003 and 2004 under the Restricted Share Plan run to 31 December 2005 and 31 December 2006 respectively. As at 31 December 2004, TSR performance under these plans was ranked respectively at percentile positions 82nd and 79th on the basis of TSR performance.

In determining the 2004 conditional awards the shares were valued at their average share price during the preceding calendar year, and the price used to determine the number of shares was 398.3 pence (2003: 570.3 pence).

Notes

1. In respect of awards made in 2001 under the Restricted Share Plan, the Company's TSR was ranked at 69th percentile at the end of the three-year performance period on 31 December 2003 and as a result the 2001 awards lapsed.

2. In respect of awards made in 2002 under the Restricted Share Plan, the Company's TSR was ranked at 89th percentile at the end of the three-year performance period on 31 December 2004. As Prudential's position was lower than 60th percentile, the 2002 awards lapsed and rights will not be granted over any of the shares conditionally awarded to executive directors.

Rights not yet exercised that were granted under the Restricted Share Plan prior to 31 December 2003 are shown in the following table:

	Year of grant of right	RSP rights outstanding at 1 Jan 2004	Adjustment for Rights Issue on 11 Nov 2004	RSP rights outstanding at 31 Dec 2004	Price paid for award	Exercise price (pence)	Market price at 31 Dec 2004 (pence)	Earliest exercise date	Latest exercise date
Jonathan Bloomer	2000	**56,859**	**2,791**	**59,650**	–	**Nil**	**453**	17 Mar 00	17 Mar 07
	2001	**38,581**	**1,893**	**40,474**	–	**Nil**	**453**	2 Apr 01	2 Apr 08
	2002	**8,170**	**401**	**8,571**	–	**Nil**	**453**	15 Mar 02	15 Mar 09
		103,610	**5,085**	**108,695**					

Business-Specific Long-Term Incentive Plans

Details of all outstanding awards under other long-term incentive plans up to and including 2004 are set out in the table below and described on pages 43 and 44. Except where stated, the performance period for all awards was three years.

	Year of initial awards	Face value of conditional awards outstanding at 1 Jan 2004 £000	Conditionally awarded in 2004 £000	Payments made in 2004 £000	Face value of conditional awards outstanding at 31 Dec 2004 £000	Date of end of performance period
Clark Manning						
Phantom JNL options	2000	**437**		**Nil**	–	31 Dec 03
Phantom JNL shares	2000	**218**		**96**	–	31 Dec 03
Phantom JNL options	2001	**655**			**655**	31 Dec 04
Phantom JNL shares	2001	**327**			**327**	31 Dec 04
Business cash LTIP	2002	**1,415**			**1,415**	31 Dec 04
Business cash LTIP	2003	**1,415**			**1,415**	31 Dec 05
Business cash LTIP	2004		**1,415**		**1,415**	31 Dec 06
Michael McLintock						
Phantom M&G options	2000	**184**			**184**	31 Dec 02
Phantom M&G options	2001	**368**			**368**	31 Dec 03
Phantom M&G shares	2001	**225**		**270**	–	31 Dec 03
Phantom M&G options	2002	**368**			**368**	31 Dec 04
Phantom M&G shares	2002	**225**			**225**	31 Dec 04
Phantom M&G options	2003	**368**			**368**	31 Dec 05
Phantom M&G shares	2003	**225**			**225**	31 Dec 05
Phantom M&G options	2004		**368**		**368**	31 Dec 06
Phantom M&G shares	2004		**225**		**225**	31 Dec 06
Mark Norbom						
Business cash LTIP	2004		**713**		**713**	31 Dec 06
Mark Tucker						
Business cash LTIP	2001	**600**		**363**	–	31 Dec 03
Mark Wood						
Business cash LTIP	2001	**450**		**Nil**	–	31 Dec 03
Business cash LTIP	2002	**450**			**450**	31 Dec 04
Business cash LTIP	2003	**470**			**470**	31 Dec 05
Business cash LTIP	2004		**500**		**500**	31 Dec 06
Total cash payments made in 2004				**729**		

Notes

Clark Manning's 2000 and 2001 cash long-term incentive plans had four-year performance periods respectively with payouts in both cases depending on Jackson National Life's US GAAP net income in the final year. For the 2000 award the results led to a payment only from the phantom share award of US$176,000 while the 2001 award led to a payment of US$675,900 for the share element and US$151,800 for the option element. The face values of the awards for Clark Manning are converted at the average exchange rate for 2004 which was US$1.8326 = £1 (2003: US$1.6351= £1). Upon joining the Board, Clark Manning also participated in the 2002 JNL Chief Executive Long-Term Incentive Plan which has a performance period of three years. The performance conditions are the same as described in the Business-Specific Long-Term Incentive Plans section on page 43. The compound growth rate of the JNL appraisal value was below the threshold for a payment to be made in respect of the award.

Michael McLintock's 2001 and 2002 cash long-term incentive plans had the same performance conditions described for his cash plan on page 44. For both awards, the phantom share price at the beginning of the performance period was £1. For the 2001 award the phantom share price at the end was £1.20. This resulted in a payment from the phantom share award of £270,000 and a phantom option award of 367,800 units. He did not exercise any of these options. For the 2002 award, the phantom share price at the end was £2.33. This resulted in a payment from the phantom share award of £524,250.

Mark Norbom's first award under the Asia Long-Term Incentive Plan was made in 2004 as described on page 44.

Mark Tucker's 2001 cash long-term incentive plan had the same performance conditions as described for Mark Norbom's cash long-term plan on page 44. The compound growth rate of the Asia operations at the end of 2003 was 37.7 per cent per annum. The award was pro-rated for Mark Tucker's service to 30 June 2003 during the performance period and a payment of £363,267 was made in July 2004. Mark Tucker's cash long-term incentive plans awarded in 2002 and 2003 lapsed.

Mark Wood's 2001 and 2002 cash long-term incentive plans had the same performance conditions as described for his cash plan in the Remuneration Policy section on page 44. For the 2001 and 2002 awards the compound growth rate of the UK appraisal value was below the threshold for a payment to be made in respect of the award.

OTHER SHARE AWARDS

Under the Company's previous short-term deferred bonus plan, known as the Share Participation Plan (SPP) there are deferred share awards held in trust for five years, which are shown in the table below.

The table also includes the share awards that have been deferred from annual incentive plan payouts. The values of the deferred share awards are included in the bonus and total figures in the Directors' Remuneration table on page 47. The number of shares is calculated using the average share price over the three business days commencing on the day of the announcement of the Group's annual financial results for the relevant year. For the 2003 awards the average share price was 492 pence.

		Shares awarded							Shares released in 2004			
	Year of initial grant	Conditional share awards outstanding at 1 Jan 2004	Conditionally awarded in 2004	Scrip dividends accumulated	Adjustment for Rights Issue on 11 Nov 2004	Shares released in 2004	Conditional share awards outstanding at 31 Dec 2004	Date of end of restricted period	Shares released in 2004	Date of release	Market price at original date of award (pence)	Market price at date of vesting (pence)
Jonathan Bloomer												
SPP awards	1999	**6,409**	–	–	–	**6,409**	–	4 May 04	**6,409**	4 May 04	**871.04**	**449.50**
Philip Broadley												
Deferred 2003 annual incentive award[1]	2004	–	**5,549**	**203**	**281**	–	**6,033**	31 Dec 06				
Michael McLintock												
Deferred 2003 annual incentive award[1]	2004	–	**49,593**	**1,822**	**2,523**	–	**53,938**	31 Dec 06				
Mark Norbom												
Awards under appointment terms[3]	2004	**14,622**	–	–	**717**	–	**15,339**	1 Jan 05				
	2004	**14,622**	–	–	**717**	–	**15,339**	1 Jan 06				
	2004	**85,173**	–	–	**4,180**	–	**89,353**	1 Jan 07				
	2004	**30,118**	–	–	**1,478**	–	**31,596**	1 Jan 08				
	2004	**14,622**	–	–	**717**	–	**15,339**	1 Jan 09				
	2004	**395,417**	–	–	**19,409**	–	**414,826**	20 Feb 13				
Mark Tucker												
Deferred 2001 annual incentive award[2]	2001	**20,153**	–	**481**	–	**20,634**	–	30 Jun 04	**20,634**	30 Jun 04	**699.50**	**474.50**
Deferred 2002 annual incentive award[2]	2002	**61,039**	–	**1,456**	–	**62,495**	–	30 Jun 04	**62,495**	30 Jun 04	**330.00**	**474.50**
Mark Wood												
Deferred 2001 annual incentive award	2001	**6,670**	–	**245**	**338**	**7,253**	–	31 Dec 04	**7,253**	31 Dec 04	**699.50**	**453.00**

Notes

1. The value of the 2003 deferred share award from the annual incentive plan is included in the Total emoluments 2003 figure in the Directors' Remuneration table on page 47.

2. Non-competition and non-solicitation conditions having been satisfied, Mark Tucker's deferred awards under the 2001 and 2002 annual incentive plans were released to him in July 2004.

3. In order to secure the appointment of Mark Norbom, he has been awarded rights to Prudential plc shares, which vest as set out in the table. These awards will normally vest dependent on continuing employment at the date of vesting except for the element compensating for the loss of supplemental pension rights which vests on his leaving Prudential providing this is after 20 February 2013. If there is a change of control of Prudential or a sale of all or part of the Asian business he may become entitled to retain any unvested awards in accordance with the vesting schedules above. The equivalent of dividend distributions will be made from these awards during the restricted period and the cash dividend equivalents paid in 2004 from these awards are included in the Directors' Remuneration table on page 47.

DIRECTORS' SHARE OPTIONS

The Restricted Share Plan replaced the Executive Share Option Scheme (ESOS) in 1995 as the Group's primary long-term incentive plan. Options under ESOS are set out below together with options under the Savings-Related Share Option Scheme (SAYE). The Savings-Related Share Option Scheme is open to all UK and certain overseas employees. Options under this scheme up to Inland Revenue limits are granted at a 20 per cent discount and cannot normally be exercised until a minimum of three years has elapsed. No payment has been made for the grant of any options. The price to be paid for exercise of these options is shown in the table below. No variations to any outstanding options have been made.

	Year of initial grant	Options outstanding at 1 Jan 2004	Exercised in 2004	Market price on exercise date (pence)	Options forfeit in 2004	Options granted in 2004	Adjustment for Rights Issue on 11 Nov 2004	Options outstanding at 31 Dec 2004	Market price at 31 Dec 2004 (pence)	Original exercise price (pence)	Exercise price (pence) adjusted for Rights Issue	Earliest exercise date	Latest exercise date
Jonathan Bloomer													
	1995	**196,750***	**196,750**	**447**				**–**		**315**	**–**	26 Apr 98	26 Apr 05
	1995	**226,750***	**226,750**	**447**				**–**		**315**	**–**	26 Apr 00	26 Apr 05
	2000	**2,247****					**110**	**2,357**	**453**	**751**	**715**	01 Jun 05	30 Nov 05
		425,747	**423,500**				**110**	**2,357**					
Philip Broadley													
	2000	**1,327****			**1,327**[3]	**2,589****	**127**	**2,716**	**453**	**364**	**346**	01 Jun 07	30 Nov 07
Michael McLintock													
	2003	**5,866****					**287**	**6,153**	**453**	**280**	**266**	01 Jun 08	30 Nov 08
Mark Wood													
	2001	**2,835****					**139**	**2,974**	**453**	**648**	**617**	01 Dec 08	31 May 09

* Executive Share Option Scheme (ESOS).

** Savings-Related Share Option Scheme (SAYE).

Notes

1. The total gain made by directors in 2004 on the exercise of share options from the Company's ESOS and SAYE schemes was £559,020 (2003: £2,863).
2. No price was paid for the award of any option.
3. SAYE option lapsed on 1 June 2004.
4. The highest and lowest share prices during 2004 were 512 pence and 386 pence respectively.

DIRECTORS' PENSIONS AND LIFE ASSURANCE

It is the Company's policy to offer executive directors the facility to save for retirement through efficient pension vehicles and UK executive directors are offered a combination of Inland Revenue approved pension schemes and supplementary provision.

Changes to UK pensions regulations take effect from April 2006. The Company is actively considering whether or not any changes to its policy are necessary.

UK Inland Revenue Approved Pension Schemes

Executive directors employed in the UK are eligible to participate in Inland Revenue approved pension schemes on the same basis as other employees who joined at that time, providing benefits based on basic salary up to the Inland Revenue earnings cap.

The schemes are defined benefit arrangements. Philip Broadley and Mark Wood participate in a non-contributory scheme that provides a pension of 1/60th of Final Pensionable Earnings for each year of service on retirement at age 60. Michael McLintock participates in a contributory scheme that provides a target pension of 2/3rds of Final Pensionable Earnings on retirement at age 60 for an employee with 30 years or more potential service, for which his contribution is four per cent of basic salary. Jonathan Bloomer only receives a lump sum death benefit of four times basic salary up to the earnings cap from the pension scheme.

On death in service a total sum from all these schemes of four times pensionable salary plus spouse's and children's pensions are payable. No employees with employment offers after 30 June 2003 were eligible for membership of the defined benefit schemes.

Other Supplementary Arrangements

Sir David Clementi is provided with a salary supplement, part of which is a contribution to a personal pension, and life assurance of four times his annual fees.

Jonathan Bloomer, Philip Broadley, Michael McLintock and Mark Wood are entitled to supplements based on the portion of their basic salary not covered for pension benefits under a UK Inland Revenue approved scheme. These supplements are paid directly to them or to a Funded Unapproved Retirement Benefit Scheme (FURBS) established in their name. They are provided with life assurance cover related to salary over the Inland Revenue earnings cap. The cover is broadly equivalent to the death in service benefits provided under the relevant UK Inland Revenue approved pension scheme.

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

Mark Norbom is provided with a salary supplement for pension purposes, and life assurance provision of four times his basic salary.

Details of directors' pension entitlements under Inland Revenue approved defined benefit schemes and the pre-tax amount of any salary supplements and contributions to FURBS or other pension arrangements paid by the Company are set out below:

				Additional pension earned during year ended 31 Dec 2004		Transfer value of accrued benefit at 31 Dec[3]			
	Age at 31 Dec 2004	Years of pensionable service at 31 Dec 2004	Accrued benefit at 31 Dec 2004 £000	Ignoring inflation on pension earned to 31 Dec 2003[1] £000	Allowing for inflation on pension earned to 31 Dec 2003[2] £000	2004 B £000	2003 A £000	Amount of (B-A) less contributions made by directors during 2004 £000	Pre-tax salary supplements and contributions to FURBS or other pension arrangements[4] £000
Sir David Clementi	55	–	–	–	–	–	–	–	121
Jonathan Bloomer	50	–	–	–	–	–	–	–	282
Philip Broadley	43	4	8	2	2	61	45	16	122
Clark Manning	46	–	–	–	–	–	–	–	15
Michael McLintock	43	12	28	3	2	265	163	89	74
Mark Norbom	46	–	–	–	–	–	–	–	146
Mark Wood	51	3	6	2	2	65	43	22	170

Notes

1. As required by the London Stock Exchange Listing rules.
2. As required by The Directors' Remuneration Report Regulations 2002.
3. The transfer value equivalent has been calculated in accordance with Actuarial Guidance Note GN11.
4. As described under Other Supplementary Arrangements.

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

Total contributions to directors' pension arrangements were £1,124,000 (2003: £905,000) of which £353,000 (2003: £320,000) related to money purchase schemes.

Signed on behalf of the Board of directors

ROBERTO MENDOZA
CHAIRMAN OF THE REMUNERATION COMMITTEE

SIR DAVID CLEMENTI
CHAIRMAN