Directors' remuneration report

For year ended 31 December 2006

Dear Shareholders,

I am pleased to present the 2006 directors' remuneration report for Prudential. Last year, following an extensive period of consultation, we launched two new Long Term Incentive Plans, which over 95 per cent of you approved. These plans are now a key part of Prudential's remuneration policy.

The primary focus of our remuneration policy is to attract, motivate and retain executives of the highest calibre and provide rewards, in relation to individual contributions, for enhancing shareholder value.

The comprehensive review of remuneration which we undertook last year reaffirmed a strong set of remuneration principles:

- a high proportion of total remuneration will be delivered through performance-related reward;
- the total remuneration package for each executive director will be set in relation to the relevant local employment market;
- a significant element of performance-related reward will be provided in the form of shares;
- performance for business unit executives will be measured at both a business unit and Group level; and
- 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.

These principles will continue to provide a solid basis for the Remuneration Committee in setting the remuneration policy and the rewards for Prudential's executive directors.

The members of the Remuneration Committee during 2006, listed below, are all independent non-executive directors:

Bridget Macaskill (Chairman – member throughout 2006, Chairman since 18 May 2006).
Roberto Mendoza (member throughout 2006, Chairman until 18 May 2006).
Keki Dadiseth
Michael Garrett

During last year, the Committee sought the views and assistance of Priscilla Vaccasin, Group Human Resources Director. The Committee also requested the assistance of Deloitte & Touche in their capacity to provide consultancy and market data, Towers Perrin and McLagan in their capacity to provide market data, and Freshfields Bruckhaus Deringer and Slaughter and May in their capacity to provide advice on legal matters.

During last year, the Committee focused on consulting with investors leading up to the Annual General Meeting and, in the latter part of the year, on ensuring the remuneration principles were operated in practice.

This year, the Committee will continue to keep the remuneration policy under review to ensure it is effectively aligned with the performance and development of Prudential's business. The Committee will consult with major shareholders before making any material changes. I am confident the Committee's approach aligns with shareholder interests, as well as rewarding Prudential's executive directors appropriately for their performance.

Bridget Macaskill
Chairman, Remuneration Committee
14 March 2007

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.

Directors' remuneration report continued

For year ended 31 December 2006

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 on pages 89 to 95, as required by the Companies Act 1985.

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.

Remuneration policy

To achieve the aims of the Company's remuneration policy, 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.

Elements of remuneration

Total remuneration for our executive directors is comprised of the elements set out below.

Element	Purpose	Measure
Salary	Provides the guaranteed element of pay necessary to recruit and retain the best people for our business	Scope of role and market position, as well as individual's contribution and experience
Annual bonus	Rewards achievement of business results and objectives which develop the business	Group, business unit and individual performance
Long term incentive	Rewards superior performance related to shareholder value	Group – relative TSR performance against peer group Business – internal growth measures
Pension	Provides income in retirement, where needed for the remuneration package to be competitive	

Total remuneration levels for executive directors are set by reference to levels in their relevant markets and all pay data is externally provided. Prudential's remuneration structure for 2007 is summarised in the following table.

			Annual Bonus Plan		Long Term Incentives: Group Performance Share Plan	Long Term Incentives: Business Unit Performance Plan
Director	**Role**	**Annual salary from 1 January 2007**	**Target**	**Max**	**Max**	**Max**
Philip Broadley	Group Finance Director	**£567,100**	**50%**	**110%**	**160%**	**n/a**
Clark Manning[1]	President & CEO Jackson National Life Insurance Company	**$1,000,000**	**100%**	**120%**	**230%**	**230%**
Michael McLintock[2]	Chief Executive M&G	**£320,000**	**300%**[2]	**500%**[2]	**100%**[2]	**Cash LTIP**[2]
Nick Prettejohn	Chief Executive Prudential UK & Europe	**£615,250**	**50%**	**110%**	**130%**	**130%**
Barry Stowe	Chief Executive Prudential Corporation Asia	**£500,000**	**50%**	**110%**	**130%**	**130%**
Mark Tucker	Group Chief Executive	**£907,200**	**75%**	**125%**	**200%**	**n/a**

Annual Bonus Plan – Performance driven, paid in cash up to target, with payment for performance above target in the form of deferred shares. Bonuses are based on a combination of Group and Business unit financial measures, and the individual strategic objectives set for each director.

Group Performance Share Plan – Share-based plan, driven by Total Shareholder Return (TSR) out-performance of an index comprised of peer companies over three years.

Business Unit Performance Plan – Share and cash-based plan (split 50/50), driven by compound annual growth in Shareholder Capital Value (SCV) over three years with stretch targets for each region.

Notes

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

2. The annual bonus plan levels shown for Michael McLintock are for 2006. His remuneration arrangements will be reviewed with investors in 2007 (see section on Michael McLintock on page 86).

All outstanding long-term awards held by the executive directors are detailed on pages 90 to 92.

Salary
The Remuneration Committee normally reviews executive directors' salaries each year on an individual basis. Salaries are reviewed with respect to the relevant market, taking into account total remuneration.

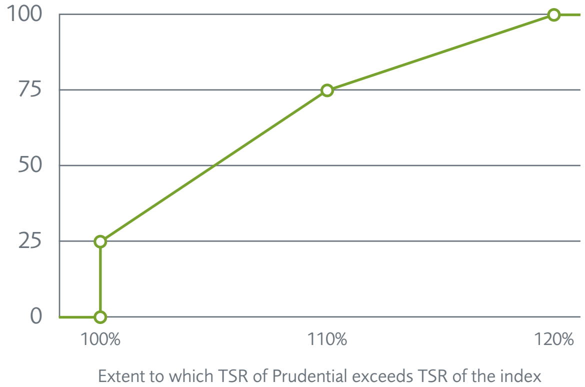
Annual incentive plans
The annual incentive for executive directors is aligned with the interests of shareholders in that any part of the annual incentive award made for performance above target will be made in the form of a share award. Receipt of these shares is deferred and the shares are normally only released after three years. Dividends accumulate for the benefit of award holders during the deferral period. Bonuses awarded are not pensionable.

Annual incentives are based on a combination of Group and business unit financial measures and the individual strategic objectives set for each individual director.

Long-term incentive plans
Group Performance Share Plan (Group PSP)
This Group PSP delivers shares subject to performance over a three-year period. The performance measure for the award is Prudential's Total Shareholder Return (TSR) performance compared to an index comprised of peer companies. The vesting schedule is set out in the following table and graph.

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

Group Performance Share Plan
Percentage of award that vests



Companies in the index for 2006 were: Aegon, Allianz, Aviva, Axa, Friends Provident, Generali, ING, Legal & General, Manulife and Old Mutual.

For 2007, the comparator group consists of the same companies with the addition of Standard Life.

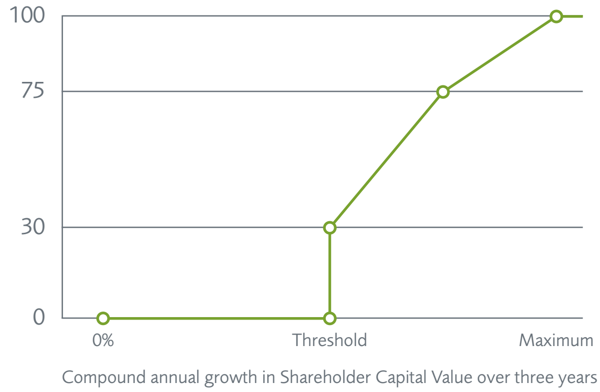
To ensure close alignment with our shareholders' long-term interests, participants will normally be entitled to receive the value of reinvested dividends over the performance period for those shares that vest.

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

Business Unit Performance Share Plan (BUPP)
This plan delivers share and cash-based awards, subject to a three-year performance period. The performance measure under the BUPP is Shareholder Capital Value (SCV) which is shareholders' capital and reserves on a European Embedded Value (EEV) basis (using the European Embedded Value Principles for reporting adopted by European insurance companies) for each regional business unit. Payouts depend on the increase in SCV over the performance period, the required growth rates under the award being different for each of Prudential's geographic regions. The vesting schedules are set out in the table below.

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

Business Unit Performance Plan
Percentage of award that vests



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

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

Directors' remuneration report continued

For year ended 31 December 2006

Michael McLintock

In 2006, Michael McLintock participated 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 2006 the face value of the share award was £225,000. For 2006 the phantom option award had a face value of £367,800. Provided the phantom share options have value, they may be exercised in part or in full during annual exercise periods after three to seven years from the start of the performance period.

The Committee has reviewed Michael McLintock's remuneration against the arrangements in the fund management industry and as a result, during 2007, we will be consulting with our investors regarding his long-term incentives and his remuneration structure for 2007. Any resulting changes will be reported in the 2007 directors' remuneration report.

Pensions arrangements

It is the Company's policy to provide efficient pension vehicles to allow executive directors to save for their retirement and to make appropriate contributions to their retirement savings plans. The level of Company contribution is related to competitive practice in the executive directors' employment market.

The executive director employed in the US is eligible to participate in a 401K approved pension scheme on the same basis as all other US based employees. The executive director employed in Asia is eligible to receive a 25 per cent salary supplement for pension purposes.

UK executive directors are offered a combination of HM Revenue and Customs (HMRC) approved pension schemes and supplementary provision. Participation in the HMRC approved pension schemes is on the same basis as other employees who joined at the same date, with benefits based on basic salary up to the HMRC earnings cap. For defined benefit schemes, the policy is to retain a notional scheme earnings cap, replicating the HMRC earnings cap, which no longer exists after 6 April 2006 (A-Day). No employees with employment offers after 30 June 2003 were eligible for membership of the defined benefit schemes.

Changes to UK pensions regulations took effect from A-Day. Executive directors were not compensated for the effects of any change in their taxation position as a result of these changes. The Company reviewed its policy in 2006 and for future UK executive director appointments, its policy is to provide a simple salary supplement of 25 per cent of salary. This will include, where relevant, any Company contributions to the staff defined contribution pension plan, which UK executive directors would be eligible to join. This plan has no salary cap. After A-Day, the policy is to discontinue further contributions to Funded Unapproved Retirement Benefit Schemes (FURBS) which were provided for some UK executive directors before this date.

The application of this policy to executive directors is described on pages 94 and 95.

Shareholding guidelines

Executive directors should hold a substantial number of shares according to the following schedule. The executive directors will be encouraged to build up their shareholding over a five-year period.

Group Chief Executive and Chief Executive M&G:
2 x salary (interim target of 1 x salary after three years)

Other executive directors:
1 x salary

Shares earned and deferred under the annual incentive plan are included in the guideline.

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

Service contracts

Chairman's letter of appointment and benefits

The Chairman, Sir David Clementi, is paid an annual fee 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. Following the new Age Discrimination legislation in the UK, the normal retirement date for the executive directors except Clark Manning was changed to the date of their 65th birthday. The normal retirement date for Clark Manning is the date of his 60th birthday. The normal notice of termination 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. 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.

	Date of contract	Notice period to the Company	Notice period from the Company
Philip Broadley	12 April 2000	12 months	12 months
Clark Manning	7 May 2002	12 months*	12 months*
Michael McLintock	21 November 2001	6 months	12 months
Nick Prettejohn	26 September 2005	12 months	12 months
Barry Stowe	18 October 2006	12 months	12 months
Mark Tucker	24 March 2005	12 months	12 months
Former executive director			
Mark Norbom	23 December 2003	12 months	12 months

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

Barry Stowe joined Prudential on 26 September 2006. In order to compensate him for the loss of substantial amounts of outstanding long-term remuneration, he was awarded rights to Prudential plc American Depositary Receipts (ADRs) that vest as set out below:

Vesting date	1 May 2007	1 May 2008	1 May 2009	1 Sept 2009	1 Jan 2010	1 May 2010
Prudential plc ADRs	3,544	3,544	3,544	14,353	3,544	1,055

Under normal circumstances, releases are conditional on his being employed by Prudential at the date of vesting. If there is a change of control of Prudential he may become entitled to retain any unvested awards. In order to compensate for the loss of share options, Barry Stowe has also been awarded 1,255 Prudential plc ADRs.

Mark Norbom's directorship with Prudential plc ended on 14 December 2006 but he remained in employment until 31 January 2007.

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.

	Date of initial appointment by the Board	Commencement date of current term*	Expiry date of current term
Keki Dadiseth	1 April 2005	AGM 2005	AGM 2008
Michael Garrett	1 September 2004	AGM 2005	AGM 2008
Bridget Macaskill	1 September 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	AGM 2008
Lord Turnbull	18 May 2006	AGM 2006	AGM 2009

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

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, in some cases the use of a car and driver and security arrangements. No benefits are pensionable. The executive directors' pension arrangements and life assurance provisions are set out in the directors' pensions and life assurance section on pages 94 and 95.

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

Executive directors are entitled to participate in arrangements in certain M&G investment products on the same terms as available to other members of staff.

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. This includes qualifying third party indemnity provisions (as defined under section 309B of the Companies Act 1985) in force for the benefit of the directors of the Company and of associated companies (as defined under section 309A of the Companies Act 1985), both of which were in force throughout 2006 and are currently in force.

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 committee membership as appropriate. The Board reviews the fees annually and the last change was made in 2006.

The basic fee is £55,000 per annum. An additional fee of £25,000 per annum is paid to the Senior Independent Director. The additional Audit Committee chairmanship fee is £40,000 per annum. An additional fee of £15,000 per annum is paid to the other members of the Audit Committee. The additional Remuneration Committee chairmanship fee is £20,000 per annum. An additional fee of £7,500 per annum is paid to the other members of the Remuneration Committee.

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

For the period he was Chairman of Egg, Roberto Mendoza received a fee of £75,000 per annum.

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 ordinary shares in the Company. This interest in shares must be acquired within two months of appointment to the Board if the director does not have such an interest upon appointment.

Directors' remuneration report continued

For year ended 31 December 2006

As stated on page 87, non-executive directors also use a proportion of their fees to purchase additional shares in the Company on a quarterly basis.

The interests of directors in ordinary shares of the Company are set out below and include shares acquired under the Share Incentive Plan, the deferred annual incentive awards detailed in the table on other share awards on page 93, and interests in shares awarded on appointment.

The interests of directors in shares of the Company include changes between 31 December 2006 and 14 March 2007. All interests are beneficial.

	1 Jan 2006*	31 Dec 2006	14 Mar 2007
Philip Broadley[1]	32,853	71,599	71,666
Sir David Clementi	23,849	33,582	33,582
Keki Dadiseth	4,012	5,676	5,676
Michael Garrett	15,674	18,113	18,113
Bridget Macaskill	12,581	14,858	14,858
Clark Manning	24,953	25,589	25,589
Michael McLintock	202,809	291,337	291,337
Roberto Mendoza	140,517	215,203	215,203
Kathleen O'Donovan	10,185	12,331	12,331
Nick Prettejohn	2,501	57,730	57,730
James Ross	8,111	10,387	10,387
Barry Stowe[2]	0	66,678	66,678
Mark Tucker	134,353	199,088	199,088
Lord Turnbull	2,500	3,885	3,885

*Or date of appointment if later.

Notes

1. The shares in the table include shares purchased under the Prudential Services Limited Share Incentive Plan together with Matching Shares (on a 1:4 basis) that will only be released if the employee remains in employment for three years. For Philip Broadley the total number of Matching Shares at 31 December 2006 was 111.

2. Barry Stowe's interests in shares are made up of 33,339 American Depositary Receipts (representing 66,678 ordinary shares).

The interests of directors in shares of the Company's subsidiary, Egg plc, which was listed until 20 February 2006, are shown below. During 2006, Egg plc was acquired by Prudential plc on the basis of 0.2237 new Prudential plc shares for each Egg share held, and consequently there were no changes between the year end and 14 March 2007.

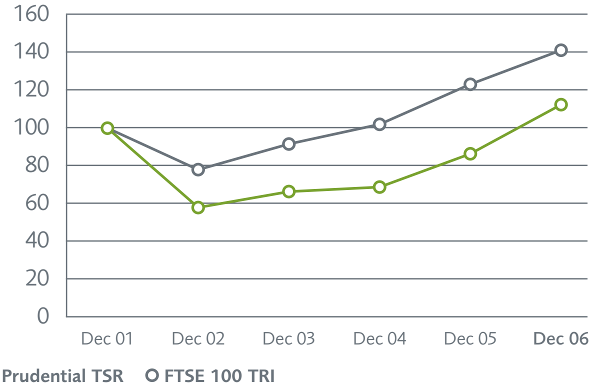
	1 Jan 2006	31 Dec 2006
Philip Broadley	2,610	0
Roberto Mendoza	300,000	0
Nick Prettejohn	312	0

Performance graph

The line graph below shows the Total Shareholder Return (TSR) of the Company during the five years from 1 January 2002 to 31 December 2006 against the FTSE 100.

Prudential TSR v FTSE 100 Total Returns Index (TRI)

Total shareholder return %



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' remuneration for 2006

	Salary/fees £000	Bonus £000	Other payments £000	Benefits* £000	Cash supplements for pension purposes** £000	Total emoluments 2006 £000	Total emoluments 2005 as reported in 2005 £000	Cash supplements for pension purposes in 2005 £000	Total emoluments 2005 including cash supplements for pension purposes £000
Chairman									
Sir David Clementi	**473**			**46**	**113**	**632**	479	83	562
Executive directors									
Jonathan Bloomer (until 5 May 2005)							455	95	550
Philip Broadley (notes 1 and 2)	**530**	**477**		**60**	**107**	**1,174**	1,000		1,000
Clark Manning (notes 3 and 4)	**502**	**1,412**		**29**		**1,943**	1,751		1,751
Michael McLintock (notes 5 and 6)	**320**	**1,515**		**59**	**44**	**1,938**	1,878	27	1,905
Mark Norbom (until 14 December 2006; notes 7 to 10)	**491**	**412**	**91**	**196**	**155**	**1,345**	1,174	150	1,324
Nick Prettejohn (from 1 January 2006; note 11)	**575**	**368**		**87**	**89**	**1,119**			
Barry Stowe (from 26 September 2006, notes 12 and 13)	**133**	**95**		**86**	**33**	**347**			
Mark Tucker (from 6 May 2005; notes 14 to 16)	**840**	**913**		**126**	**210**	**2,089**	1,130	127	1,257
Mark Wood (until 17 October 2005)							865		865
Total executive directors	**3,391**	**5,192**	**91**	**643**	**638**	**9,955**	8,253	399	8,652
Non-executive directors									
Keki Dadiseth (from 1 April 2005; note 17)	**71**					**71**	37		37
Michael Garrett	**56**					**56**	50		50
Bridget Macaskill	**65**					**65**	50		50
Roberto Mendoza	**73**					**73**	135		135
Kathleen O'Donovan	**83**					**83**	60		60
James Ross	**80**					**80**	60		60
Rob Rowley (until 18 May 2006)	**35**					**35**	90		90
Lord Turnbull (from 18 May 2006)	**34**					**34**			
Total non-executive directors	**497**					**497**	482		482
Overall total	**4,361**	**5,192**	**91**	**689**	**751**	**11,084**	9,214	482	9,696

*Benefits include cash allowances for cars.

**Pension supplements that are paid in cash are reported in this table for the first time. The policy on pensions is described in the section on pension arrangements on page 86. The pension arrangements for current executive directors are described in the section on directors' pensions and life assurance on pages 94 and 95.

Notes

1. In 2006, a deferred share award from his 2005 annual bonus valued at £209,090 was made to Philip Broadley. This is included in the 2005 total and further details are shown in the section on other share awards on page 93.

2. It is intended that a deferred share award from his 2006 annual bonus valued at £211,947 will be made to Philip Broadley. This is included in the 2006 bonus figure.

3. Clark Manning's bonus figure excludes a contribution of £5,969 from a profit sharing plan, that has been made into a 401k retirement plan. This is included in the table on pension contributions on page 95.

4. It is intended that a deferred share award from his 2006 annual bonus valued at $121,360 will be made to Clark Manning. This is included in the 2006 bonus figure.

5. In 2006, a deferred share award from his 2005 annual bonus valued at £554,732 was made to Michael McLintock. This is included in the 2005 total and further details are shown in the section on other share awards on page 93.

6. It is intended that a deferred share award from his 2006 annual bonus valued at £555,000 will be made to Michael McLintock. This is included in the 2006 bonus figure.

7. In 2006, a deferred share award from his 2005 annual bonus valued at £119,790 was made to Mark Norbom. This is included in the 2005 total and further details are shown in the section on other share awards on page 93.

8. Mark Norbom's directorship with Prudential plc ended on 14 December 2006 but he remained in employment until 31 January 2007. In connection with the termination of his employment he received a payment of £291,000 and will receive nine successive monthly payments of £55,792. He also continues to receive private medical and life cover, school fees and club memberships until 31 October 2007 and housing benefits until 5 May 2007, unless in each case he finds new employment which provides such benefits.

9. For 2006, Mark Norbom was also paid £90,603 in dividend equivalents from the awards detailed in the section on other share awards on page 93. This amount is included in the column headed Other payments.

10. Mark Norbom's benefits include those that reflect his expatriate status, including costs of £153,071 related to housing.

11. It is intended that a deferred share award from his 2006 annual bonus valued at £80,673 will be made to Nick Prettejohn. This is included in the 2006 bonus figure.

12. Barry Stowe joined on 26 September 2006. As part of his appointment terms he was paid US$75,000, included in the 2006 bonus in the table above, as compensation for the loss of his 2006 bonus from his previous employer, The exchange rate used is US$1.8430 = £1.

13. Barry Stowe's benefits include those that reflect his expatriate status, including costs of £43,403 related to housing.

14. In 2006, a deferred share award valued at £243,453 from his 2005 annual bonus was made to Mark Tucker. This is included in the 2005 total and further details are shown in the section on other share awards on page 93.

Directors' remuneration report continued

For year ended 31 December 2006

Notes continued

15. It is intended that a deferred share award from his 2006 annual bonus valued at £492,744 will be made to Mark Tucker. This is included in the 2006 bonus figure.

16. Mark Tucker was eligible to be paid a housing allowance of £11,017 per month until 30 April 2006. This is included in the benefits figure.

17. Keki Dadiseth is paid an allowance of £10,478 per annum in respect of his accommodation expenses in London whilst on the Company's business, in lieu of reimbursing hotel costs as is the usual practice for directors who are not resident in the UK.

The Remuneration Committee reviewed each executive director's individual contribution and the continuing strong operating performance of the Group in 2006 against the 2006 business plans and was satisfied the bonus payments made for the year were 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 2006, Michael McLintock earned £45,000 from an external company. Other directors served as non-executive directors on the boards of companies in the educational and cultural sectors without receiving a fee for those services.

Directors' outstanding long-term incentive awards

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

Share rights granted under the share-based long-term incentive plans

	Plan name	Year of initial award	Conditional share awards outstanding at 1 Jan 2006 (number of shares)	Conditional awards in 2006 (number of shares)	Market price of 2006 award on date of grant (pence)	Releases or rights (options) granted upon vesting in 2006 (number of shares)	Conditional share awards outstanding at 31 Dec 2006 (number of shares)	Date of end of performance period
Philip Broadley	Restricted Share Plan	2003	**133,919**				–[1]	31 Dec 05
	Restricted Share Plan	2004	**210,713**				**210,713**[2]	31 Dec 06
	Restricted Share Plan	2005	**182,983**				**182,983**[3]	31 Dec 07
	Group Performance Share Plan	2006		**170,127**	**591.5**		**170,127**[4]	31 Dec 08
			527,615	**170,127**			**563,823**	
Clark Manning	Restricted Share Plan	2003	**148,838**				–[1]	31 Dec 05
	Restricted Share Plan	2004	**196,174**				**196,174**[2]	31 Dec 06
	Restricted Share Plan	2005	**163,352**				**163,352**[3]	31 Dec 07
	Group Performance Share Plan	2006		**241,415**	**591.5**		**241,415**[4]	31 Dec 08
	Business Unit Performance Plan (share element)	2006		**120,707**	**591.5**		**120,707**	31 Dec 08
			508,364	**362,122**			**721,648**	
Michael McLintock	Restricted Share Plan	2003	**45,620**				–[1]	31 Dec 05
	Restricted Share Plan	2004	**67,429**				**67,429**[2]	31 Dec 06
	Restricted Share Plan	2005	**58,555**				**58,555**[3]	31 Dec 07
	Group Performance Share Plan	2006		**64,199**	**591.5**		**64,199**[4]	31 Dec 08
			171,604	**64,199**			**190,183**	
Mark Norbom	Restricted Share Plan	2004	**200,177**				**200,177**[2]	31 Dec 06
	Restricted Share Plan	2005	**182,983**				**182,983**[5]	31 Dec 07
	Group Performance Share Plan	2006		**144,648**	**591.5**		**144,648**[6]	31 Dec 08
	Business Unit Performance Plan (share element)	2006		**72,324**	**591.5**		**72,324**[6]	31 Dec 08
			383,160	**216,972**			**600,132**	
Nick Prettejohn	Group Performance Share Plan	2006		**149,964**	**591.5**		**149,964**[4]	31 Dec 08
	Business Unit Performance Plan (share element)	2006		**74,982**	**591.5**		**74,982**	31 Dec 08
				224,946			**224,946**	
Mark Tucker	Restricted Share Plan	2005	**356,817**				**356,817**[3]	31 Dec 07
	Group Performance Share Plan	2006		**337,044**	**591.5**		**337,044**[4]	31 Dec 08
			356,817	**337,044**			**693,861**	

Cash rights granted under the Business Unit Performance Plan

	Plan name	Year of initial award	Conditional awards outstanding at 1 Jan 2006 £000	Conditional awards in 2006 £000	Payments made in 2006 £000	Conditional awards outstanding at 31 Dec 2006 £000	Date of end of performance period
Clark Manning	Business Unit Performance Plan (Cash element)	2006	–	**577**		**577**	31 Dec 08
Mark Norbom	Business Unit Performance Plan (Cash element)	2006	–	**361**		**361**[5]	31 Dec 08
Nick Prettejohn	Business Unit Performance Plan (Cash element)	2006	–	**374**		**374**	31 Dec 08

Restricted Share Plan awards
For RSP awards prior to 2004, no rights were granted if the Company's TSR performance as ranked against the comparator group was at the 60th percentile or below. For the 2004 and 2005 awards, no rights are granted if the Company's TSR performance is below 50th percentile. For all awards, 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.

2006 Awards
The awards made in respect of 2006 run to 31 December 2008.

In determining the 2006 conditional share 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 498.45 pence.

Group Performance Share Plan
Awards under the Group Performance Share Plan are described on page 85.

Business Unit Performance Plan
Awards under the Business Unit Performance Plan are described on page 85.

Notes
1. For the awards made in 2003 under the Restricted Share Plan, the Company's TSR was ranked at 71st percentile at the end of the three-year performance period ending on 31 December 2005 and as a result the 2003 awards lapsed.

2. For the 2004 conditional RSP award the ranking of the Company's TSR at the end of the three-year performance period ending on 31 December 2006 was 51st out of the remaining 89 companies in the FTSE (56th percentile) and as a result the awards lapsed.

3. For the awards under the 2005 Restricted Share Plan, as at 31 December 2006, Prudential's TSR performance was ranked at 34th percentile compared to the FTSE 100 companies.

4. For the awards made in 2006 under the Group Performance Share Plan, as at 31 December 2006, Prudential's TSR performance was at 106.7 per cent of the TSR performance of the index.

5. The 2005 RSP awards for Mark Norbom lapsed on the termination of his employment.

6. All awards granted to Mark Norbom under the 2006 LTIPs lapsed on the termination of his employment.

7. Mark Wood's directorship ended effective 17 October 2005. Under his 2003 and 2004 conditional RSP awards, the ranking of the Company's TSR in the month prior to his date of resignation of his directorship was below 50th percentile and as a result no release was made from these awards.

8. For the 2005 conditional RSP award to Mark Wood, the ranking of the Company's TSR in the month prior to his date of resignation of his directorship was 27th and as a result 27.5 per cent of his award was released. This percentage takes into account pro-rating for his service during the three-year performance period.

Directors' remuneration report continued

For year ended 31 December 2006

Business-specific long-term incentive plans

Details of all outstanding awards under cash-based long-term incentive plans up to and including 2006 are set out in the table below. The performance period for all awards is three years.

	Year of initial award	Face value of conditional awards outstanding at 1 Jan 2006 £000	Conditionally awarded in 2006 £000	Payments made in 2006 £000	Face value of conditional awards outstanding at 31 Dec 2006 £000	Date of end of performance period
Clark Manning						
Business Cash LTIP	2003	**1,407**		**1,467**	–	31 Dec 05
Business Cash LTIP	2004	**1,407**			**1,407**	31 Dec 06
Business Cash LTIP	2005	**1,407**			**1,407**	31 Dec 07
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 options	2002	**368**			**368**	31 Dec 04
Phantom M&G options	2003	**368**			**368**	31 Dec 05
Phantom M&G shares	2003	**225**		**457**	–	31 Dec 05
Phantom M&G options	2004	**368**			**368**	31 Dec 06
Phantom M&G shares	2004	**225**			**225**	31 Dec 06
Phantom M&G options	2005	**368**			**368**	31 Dec 07
Phantom M&G shares	2005	**225**			**225**	31 Dec 07
Phantom M&G options	2006		**368**		**368**	31 Dec 08
Phantom M&G shares	2006		**225**		**225**	31 Dec 08
Mark Norbom						
Business Cash LTIP	2004	**713**			**713**	31 Dec 06
Business Cash LTIP	2005	**750**			**750**	31 Dec 07
Total cash payments made in 2006				**1,924**		

Clark Manning
In 2003, 2004 and 2005, Clark Manning participated in a cash-based long-term plan that rewards the growth in appraisal value of Jackson. The award payout equals an initial award value adjusted by the Prudential plc share price change over the performance period. In order for any award to be made under the 2005 plan, the growth rate over the performance period must be 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 payout increases to a maximum of three times the initial award value. For performance between these points, payouts are on a straight-line sliding scale.

For the 2003 award, the results led to a payment of US$2,703,461. The face values of the awards for Clark Manning are converted at the average exchange rate for 2006 which was US$1.8430 = £1 (2005: US$1.8192 = £1). For the 2004 Business Cash LTIP, the compound annual growth rate in appraisal value was 21.64 per cent and as a result a payment of US$4,028,896 was made.

Michael McLintock
Michael McLintock's 2003, 2004 and 2005 cash long-term incentive awards were under the M&G Chief Executive Long Term Incentive Plan that provides a cash reward through phantom M&G share awards and options. For these awards, the phantom share price at the beginning of the performance period was £1. The change in the phantom share price equals the change in M&G profit, modified up or down by the investment performance of M&G, over the performance period. For each year, the face value of the share award was £225,000 and the phantom option award had a face value of £367,800. Provided the phantom share options have value, they may be exercised in part or in full during annual exercise periods after three to seven years from the start of the performance period .

For the 2003 award, the phantom share price at the end of the performance period was £2.03. This resulted in a payment from the phantom share award of £456,750 and a phantom option award of 367,800 units. Michael McLintock did not exercise any of these options. For the 2004 award, the phantom share price at the end of the performance period was £2.59. This resulted in a payment of £582,750 from the share element of the award.

Mark Norbom
Mark Norbom's awards under the Business Cash LTIP for 2004 vested as a result of the Asia's performance and a payment of £412,751 was made. On the termination of his employment his award under the 2005 Business Cash LTIP lapsed.

Mark Wood
Under the terms of the termination of his contract, payments were made to Mark Wood in 2006 from his 2003, 2004 and 2005 LTIP awards, taking into account performance and pro-rating for service during each respective performance period. The payments made to him were respectively £235,000, £180,556 and £103,056.

Other share awards

The table below sets out the share awards that have been made to executive directors under their appointment terms and those deferred from annual incentive plan payouts. The values of the deferred share awards are included in the bonus and total figures in the directors' remuneration table on page 89. 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 2005 awards, the average share price was 671 pence.

	Year of initial grant	Conditional share awards outstanding at 1 Jan 2006 (number of shares)	Conditionally awarded in 2006 (number of shares)	Scrip dividends accumulated (number of shares)	Shares released in 2006 (number of shares)	Conditional share awards outstanding at 31 Dec 2006 (number of shares)	Date of end of restricted period	Shares released in 2006 (number of shares)	Date of release	Market price at original date of award (pence)	Market price at date of vesting or release (pence)
Philip Broadley											
Deferred 2003 annual incentive award	2004	**6,229**		**158**		**6,387**	31 Dec 06				
Deferred 2005 annual incentive award[1]	2006		**31,160**	**794**		**31,954**[1]	31 Dec 08				
Michael McLintock											
Deferred 2003 annual incentive award	2004	**55,702**		**1,419**		**57,121**	31 Dec 06				
Deferred 2004 annual incentive award	2005	**91,420**		**2,330**		**93,750**	31 Dec 07				
Deferred 2005 annual incentive award[1]	2006		**82,672**	**2,107**		**84,779**[1]	31 Dec 08				
Mark Norbom											
Awards under appointment terms[2]	2004	**15,339**			**15,339**	–	01 Jan 06	**15,339**	16 Mar 06	**439**	**627.5**
	2004	**89,353**				**89,353**[2]	01 Jan 07				
	2004	**31,596**				**31,596**[2]	01 Jan 08				
	2004	**15,339**				**15,339**[2]	01 Jan 09				
	2004	**414,826**				**414,826**[2]	20 Feb 13				
Deferred 2004 annual incentive award	2005	**33,121**		**844**		**33,965**[2]	31 Dec 07				
Deferred 2005 annual incentive award[1]	2006		**17,852**	**454**		**18,306**[2]	31 Dec 08				
Nick Prettejohn											
Awards under appointment terms[3]	2006		**10,000**		**10,000**	–	31 Mar 06	**10,000**	31 Mar 06	**627.5**	**667.5**
	2006		**40,000**		**40,000**	–	31 Oct 06	**40,000**	15 Dec 06	**627.5**	**710.5**
	2006		**16,000**			**16,000**	31 Oct 07				
	2006		**5,500**			**5,500**	31 Oct 08				
Barry Stowe											
Awards under appointment terms[4]	2006		**2,510**		**2,510**	–	21 Dec 06	**2,510**	27 Dec 06	**702**	**705**
	2006		**7,088**			**7,088**	01 May 07				
	2006		**7,088**			**7,088**	01 May 08				
	2006		**7,088**			**7,088**	01 May 09				
	2006		**28,706**			**28,706**	01 Sept 09				
	2006		**7,088**			**7,088**	01 Jan 10				
	2006		**2,110**			**2,110**	01 May 10				
Mark Tucker											
Deferred 2005 annual incentive award[1]	2006		**36,282**	**924**	–	**37,206**[1]	31 Dec 08				

Notes

1. Under the annual bonus plans, the element of bonus for performance above target is made in the form of a share award deferred for three years. The value of the 2005 deferred share award is included in the total 2005 figure in the directors' remuneration table on page 89.

2. Mark Norbom's deferred shares under the 2004 Annual Incentive Plan (33,965 shares) and 2005 Annual Incentive Plan (18,306 shares) were released to him in February 2007. In addition, the 89,353 employer replacement shares which vested on 1 January 2007 were released and the Remuneration Committee exercised its discretion to allow a further 87,403 shares out of his awards under the appointment terms to vest, representing the proportion of the performance period which Mark Norbom had worked in respect of his pension replacement shares. Awards over 374,358 shares granted under the terms of Mark Norbom's appointment lapsed.

3. In order to secure the appointment of Nick Prettejohn, he was awarded rights to Prudential plc shares that vest as set out in the table. In normal circumstances, releases are conditional on Nick Prettejohn being employed by Prudential at the date of vesting. If there is a change of control of Prudential he may be entitled to retain any unvested awards.

4. In order to secure the appointment of Barry Stowe, he was awarded rights to Prudential plc American Depositary Receipts, which vest as set out in the table. The figures in the table are the equivalent number of Prudential plc shares (one American Depositary Receipt equals two Prudential plc shares). In normal circumstances, releases are conditional on Barry Stowe being employed by Prudential at the date of vesting. If there is a change of control of Prudential he may be entitled to retain any unvested awards.

5. Mark Wood's directorship ended with effect from 17 October 2005 and as part of the terms of the termination of his employment, 35,942 deferred shares under the 2004 annual incentive plan were released in 2006.

Directors' remuneration report continued

For year ended 31 December 2006

Directors' share options

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

	Year of initial grant	Options outstanding at 1 Jan 2006	Exercised in 2006	Market price on exercise date (pence)	Options forfeit in 2006	Options granted in 2006	Options outstanding at 31 Dec 2006	Market price at 31 Dec 2006 (pence)	Original exercise price (pence)	Exercise price adjusted for 2004 Rights Issue (pence)	Earliest exercise date	Latest exercise date
Philip Broadley	2000	**2,716**					**2,716**	**699.5**	**364**	**346**	1 Jun 07	30 Nov 07
Michael McLintock	2003	**6,153**					**6,153**	**699.5**	**280**	**266**	1 Jun 08	30 Nov 08
Nick Prettejohn	2006					**661**	**661**	**699.5**	**565**	**n/a**	1 Jun 09	30 Nov 09
Mark Tucker	2005	**2,297**					**2,297**	**699.5**	**407**	**n/a**	1 Dec 08	31 May 09

Notes

1. No gains were made by directors in 2006 on the exercise of share options (2005: nil).
2. No price was paid for the award of any option.
3. The highest and lowest share prices during 2006 were 743.5 pence and 538.5 pence respectively.

Directors' pensions and life assurance

Philip Broadley participates 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 two-thirds of Final Pensionable Earnings on retirement at age 60 for an employee with 30 years or more potential service, for which his contribution is four per cent of basic salary. In both cases, Final Pensionable Earnings are capped by a notional scheme earnings cap which replicates the HMRC earnings cap in force before A-Day (6 April 2006).

Philip Broadley and Michael McLintock are entitled to supplements based on the portion of their basic salary not covered for pension benefits under a HMRC approved scheme. These supplements are paid directly to them or, before A-Day, to a FURBS established in their name. They are provided with life assurance cover related to salary over the HMRC earnings cap. The cover is broadly equivalent to the death in service benefits provided under the relevant UK HMRC approved pension scheme.

Nick Prettejohn is paid a salary supplement and he is a member of the staff defined contribution pension plan, which provides death in service benefits. The company contributions to the pension plan and his salary supplement are in total 25 per cent of his salary.

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

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

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

Where supplements for pension purposes are paid in cash, the amounts are included in the table on directors' remuneration on page 89.

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

	Age at 31 Dec 2006	Years of pensionable service at 31 Dec 2006	Accrued benefit at 31 Dec 2006 £000	Additional pension earned during year ended 31 Dec 2006		Transfer value of accrued benefit at 31 Dec[3]		Amount of (B – A) less contributions made by directors during 2006 £000	Contributions to FURBS or other pension and life assurance arrangements[4] £000
				Ignoring inflation on pension earned to 31 Dec 2005[1] £000	Allowing for inflation on pension earned to 31 Dec 2005[2] £000	2006 B £000	2005 A £000		
Sir David Clementi	**57**	–	–	–	–	–	–	–	**23**
Philip Broadley	**45**	**6**	**12**	**2**	**2**	**111**	82	**29**	**38**
Clark Manning	**48**	–	–	–	–	–	–	–	**15**
Michael McLintock	**45**	**14**	**34**	**3**	**3**	**397**	336	**49**	**43**
Mark Norbom	**48**	–	–	–	–	–	–	–	**6**
Nick Prettejohn	**46**	–	–	–	–	–	–	–	**55**
Barry Stowe	**49**	–	–	–	–	–	–	–	**0**
Mark Tucker	**49**	–	–	–	–	–	–	–	**11**

Notes

1. As required by Stock Exchange Listing rules.
2. As required by the Companies Act remuneration regulations.
3. The transfer value equivalent has been calculated in accordance with Actuarial Guidance Note GN11.
4. As described under other supplementary arrangements. Supplements in the form of cash are included in the directors' remuneration table on page 89.

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

Total contributions to directors' pension arrangements including cash supplements for pension purposes were £1,161,410 (2005: £1,111,602) of which £138,937 (2005: £361,145) related to money purchase schemes.

Signed on behalf of the Board of directors

Bridget Macaskill
Chairman, Remuneration Committee
14 March 2007

Sir David Clementi
Chairman
14 March 2007