

## European Embedded Value (EEV) basis results

### Operating profit from continuing operations based on longer-term investment returns\* Results analysis by business area

	Half year 2006 £m	Half year 2005 £m	Full year 2005 £m
<b>UK operations</b>			
New business	138	159	243
Business in force	198	(15)	183
Long-term business	336	144	426
M&G	100	83	163
Egg	(39)	13	44
Total	397	240	633
<b>US operations</b>			
New business	134	95	211
Business in force	212	324	530
Long-term business	346	419	741
Broker-dealer and fund management	8	18	24
Curian	(4)	(6)	(10)
Total	350	431	755
<b>Asian operations</b>			
New business	232	162	413
Business in force	127	90	163
Long-term business	359	252	576
Fund management	22	2	12
Development expenses	(7)	(8)	(20)
Total	374	246	568
<b>Other income and expenditure</b>			
Investment return and other income	18	20	42
Interest payable on core structural borrowings	(89)	(84)	(175)
Corporate expenditure:			
Group Head Office	(46)	(36)	(70)
Asia Regional Head Office	(19)	(14)	(30)
Charge for share-based payments for Prudential schemes	(5)	(4)	(11)
Total	(141)	(118)	(244)
UK restructuring costs	(18)	-	-
<b>Operating profit from continuing operations based on longer-term investment returns</b>	<b>962</b>	<b>799</b>	<b>1,712</b>
Analysed as profits (losses) from:			
New business	504	416	867
Business in force	537	399	876
Total long-term business	1,041	815	1,743
Asia development expenses	(7)	(8)	(20)
Other operating results	(54)	(8)	(11)
UK restructuring costs	(18)	-	-
Total	962	799	1,712

\*EEV basis operating profit from continuing operations based on longer-term investment returns excludes goodwill impairment charges, short-term fluctuations in investment returns, the mark to market value movement on core borrowings, the shareholders' share of actuarial and other gains and losses on defined benefit pension schemes and the effect of changes in economic assumptions and changes in the time value of cost of options and guarantees caused by economic factors. The amounts for these items are included in total EEV profit. The directors believe that operating profit, as adjusted for these items, better reflects underlying performance. Profit on ordinary activities and basic earnings per share include these items together with actual investment returns. This basis of presentation has been adopted consistently throughout this interim report.