DIRECTORS' REMUNERATION REPORT

Directors' remuneration report

Dear Shareholder

I am pleased to present the Remuneration Committee's report on Directors' remuneration for the year to 31 December 2009.

The primary objectives of our remuneration policy remain unchanged: to attract high calibre executives, to encourage them to contribute to the success of Prudential by achieving our business plans and returns for shareholders and to reward them based on the Company's success and their individual contributions. The policy supports the Company's strategy and goals, and aims to comply with good practice in the UK, whilst not losing sight of the need to take account of competitive conditions in local markets.

During 2009 there were a number of changes to the executive director team. Tidjane Thiam was appointed as Group Chief Executive, succeeding Mark Tucker; Nic Nicandrou was appointed as Chief Financial Officer, succeeding Tidjane Thiam; and Rob Devey was appointed as Chief Executive UK & Europe, succeeding Nick Prettejohn. These individuals bring with them a richly deserved reputation for delivering performance and value, and their talents and experience are well-suited to lead Prudential in the next stage of its development. In conjunction with the changes made to the executive team, we took the opportunity to make some adjustments to the balance of the remuneration elements for the executive director roles to reflect the current needs of our business. In line with our remuneration policy, as our team of executive directors develop and demonstrate measurable success, we would expect to pay them at an appropriate level against their peers to reflect their contributions to the Group.

Despite the continued turmoil in the global financial markets, 2009 was another successful year for the Group. As you will see from the earlier sections of the Annual Report, we have delivered outstanding performance against a backdrop of unprecedented economic uncertainty. We have achieved record sales and driven profitable growth, demonstrating the success of the Group's strategy of focusing on value over volume and capitalising on growth opportunities in our chosen markets around the world. The Group's prudent but proactive risk based approach has ensured that our capital position remains robust and resilient.

This performance has been reflected in the achievement of the key financial measures which underpin our 2009 annual bonus plans, resulting in the bonus awards made to our executive directors. We have also significantly out-performed our international peer group, which has resulted in full vesting under the Group Performance Share Plan.

The Remuneration Committee is mindful of the commentary around pay in the financial services sector. While there are a number of important differences between the banking and insurance sectors, the principles around ensuring good remuneration governance and avoiding a focus on short-term results at the expense of the long-term have broad relevance across all sectors.

Taking into account the longevity of the products we offer, an important component of our remuneration policy has always been a focus on sustainable long-term performance. We continue to achieve this in a number of ways including:

- an emphasis on cash generation and preservation of capital in our annual bonus plan performance measures;
- the deferral of a proportion of the annual bonus into Company shares for three years;
- long-term plans which reward total returns to shareholders as well as local business performance; and
- shareholding guidelines for executives.

We will continue to review the implications of the emerging guidelines and regulation on our current remuneration governance structures, policies and practices and implement any changes where appropriate.

I hope that you will endorse the policies outlined in our report.

Bridget Macaskill
Chairman, Remuneration Committee

8 March 2010

Directors' remuneration report

The Directors' Remuneration Report has been prepared by the Remuneration Committee (the 'Committee') and has been approved by the Board. Shareholders will be given the opportunity to approve the report at the Annual General Meeting on 19 May 2010.

The report has been drawn up in accordance with the Combined Code on Corporate Governance, Schedule 8 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 and the UK Listing Authority Listing Rules. KPMG Audit Plc has audited the sections contained on pages 107 to 114.

During the year, the Company has complied with the provisions of Section 1 and Schedule A of the Combined Code on Corporate Governance then in force regarding directors' remuneration.

The Remuneration Committee

The Remuneration Committee is responsible for:

- Determining the remuneration policy for the Chairman and the executive directors of the Company;
- Monitoring the remuneration of a defined population of senior management; and
- Reviewing the remuneration arrangements for individuals earning over £1 million per annum.

The Committee's terms of reference are available on the Company's website and a copy may be obtained from the Company Secretary. These terms of reference are reviewed annually.

Each business unit also has its own remuneration committee with similar terms of reference to ensure effective remuneration governance in all our businesses.

The members of the Committee during 2009, listed below, are all independent non-executive directors:

Bridget Macaskill (Chairman)
Keki Dadiseth
Michael Garrett
James Ross

In 2009 the Committee met 11 times. Some key activities during the year included:

- Agreeing the remuneration arrangements for the new executive directors on appointment and the remuneration arrangements for departing executive directors;
- Overseeing the remuneration for the Group Leadership Team (the most senior circa 100 roles including and immediately below the Group Executive team) and for employees with remuneration of over £1 million per annum; and
- Reviewing the latest governance guidelines and consultation documents, including the Walker Review and FSA Code of Practice.

The Chairman and the Group Chief Executive attend meetings by invitation. The Committee also had access to advice from the Chief Financial Officer, Chief Risk Officer, Group Human Resources Director, and Director of Group Reward and Employee Relations. In no case are any persons present when their own remuneration is discussed.

In making its decisions, the Committee requested consultancy assistance from Deloitte LLP and PricewaterhouseCoopers LLP. Market data was sourced from Deloitte LLP, Towers Watson and McLagan Partners. Slaughter & May and Linklaters provided legal council, including advice on employment law and the operation of the Company's share plans. Some of these firms also provided other services to the Company: Deloitte LLP, PricewaterhouseCoopers LLP and Slaughter & May in relation to advice on taxation and finance matters; Towers Watson in relation to advisory work on finance matters and Slaughter & May in relation to advice on commercial and corporate law and general legal advice.

Remuneration policy

In determining the remuneration policy, the Committee has applied the following principles:

- a high proportion of total remuneration will be delivered through performance-related reward with high levels of reward only being paid for high levels of achievement;
- a significant element of performance-related reward will be provided in the form of shares;
- the total remuneration package for each executive director will be set in relation to the relevant employment market;
- the performance of business unit executives will be measured at both a business unit and Group level;
- performance measures will include absolute financial measures and relative measures as appropriate, to provide alignment between achieving results for shareholders and the rewards for executives;
- reward structures will be designed to deliver fair and equitable remuneration for all employees; and
- reward arrangements will be designed to minimise regulatory and operational risk.

These principles help shape remuneration policies and practices which align with our business model and ensure a strong governance approach is adopted. These remuneration principles are applied across all business units and therefore apply to all employees in the Group. The Committee continues to review these principles regularly.

Main components of remuneration

The table below summarises the Company's policies in respect of each of the key elements of executive directors' remuneration as they applied during the year and will apply in 2010.

Element	Purpose	Measures	Practice
Total compensation	Provides appropriate compensation structures and reward payouts which attract high calibre executive directors.	Benchmarked against the relevant market for the role, taking into account the individual's contribution and experience. Consideration is also given to remuneration arrangements and levels for other Prudential employees.	Market data is considered from the FTSE 50 for UK roles, UK-based asset management companies for M&G, Asia general industry and insurance sector for the executive director with responsibility for Asia, and US insurers for the executive director with responsibility for the US.
Base salary	Provides part of the fixed element of remuneration 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, taking into account total remuneration, market movement of salaries in comparator organisations and salary increases for employees generally. Market position compared with companies of similar size and complexity to Prudential in the relevant market for the role.	The Remuneration Committee reviews salaries annually. Any changes in basic salaries are effective from 1 January. Details of the approach taken for base salaries in 2010 is set out on page 100. For other employees, base salary increases around the Group will reflect the local market. It is anticipated that the pay review for other employees will result in average increases of approximately 2.5% in the UK, 3% in Asia and 3% in the US.
Annual bonus (including deferral)	Rewards the achievement of business results and individual objectives in a given year. Deferral requirements provide an exposure to the long-term performance of the Company.	Group financial measures, business unit financial measures and individual contribution. Required to defer a portion of annual bonus into Prudential shares for three years.	Executive directors have annual bonus plans based on the achievement of financial performance measures and individual contribution. Bonuses awarded are not pensionable. The annual bonus for the Chief Executive of Jackson includes a 10% share of a senior management bonus pool determined by the performance of Jackson for the year.
Long-term incentive	Rewards related to achieving sustainable long-term returns to shareholders.	Group – Relative Total Shareholder Return (TSR) performance against a peer group. Business unit – Typically internal measures which contribute to the long-term success of the business unit and therefore the Group.	All executive directors participate in the Group Performance Share Plan under which awards are based on relative TSR performance against a peer group of international insurers. The Chief Executives of the UK & Europe, Asia and Jackson also participate in the Business Unit Performance Plan. For Asia and Jackson, awards are based on the growth in Shareholder Capital Value on an European Embedded Value (EEV) basis. For the UK & Europe, awards to be made in 2010 will be based on relative TSR as per the Group plan above. The Chief Executive of M&G also participates in the M&G Executive Long-term Incentive Plan (LTIP).
All-employee share plans	Allow for all employees to participate in the success of the Company.	The structure of plans are determined by market practice and local legislation.	Executive directors are eligible to participate in all-employee plans on the same basis as other employees.
Benefits	Provide part of the fixed element of remuneration set at an appropriate level compared with peers.	Determined by market practice.	Executive directors receive certain benefits, for example participation in medical insurance schemes, the use of a car and driver and security arrangements. No benefits are pensionable. Executive directors are also entitled to participate in certain M&G investment products on the same basis as other members of staff.

Element	Purpose	Measures	Practice
Pension and long-term savings	Provide income in retirement in a cost efficient manner.	Determined by market practice. Policy for new appointments (since June 2003) is to provide a pension contribution as a fixed percentage of salary.	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 markets. In 2010, the Long Term Savings Plan (LTSP) and the Alternative Retirement Benefit Scheme (ARBS) will be established as long-term savings vehicles for executive directors and other employees.
Shareholding guidelines	Encourage executives to build up an interest in the Company's shares and support alignment with shareholder interests.	Determined by market practice.	The Group Chief Executive and Chief Executive of M&G are required to hold shares equal to 200% of salary. A policy of 100% of salary applies for other executive director roles.

The following table summarises the remuneration structure for each executive director for 2010. The balance of remuneration elements for the Group Chief Executive, Group Financial Officer, Chief Executive UK & Europe and Chief Executive Asia roles has been adjusted. The incentive opportunity continues to be primarily based on long-term performance.

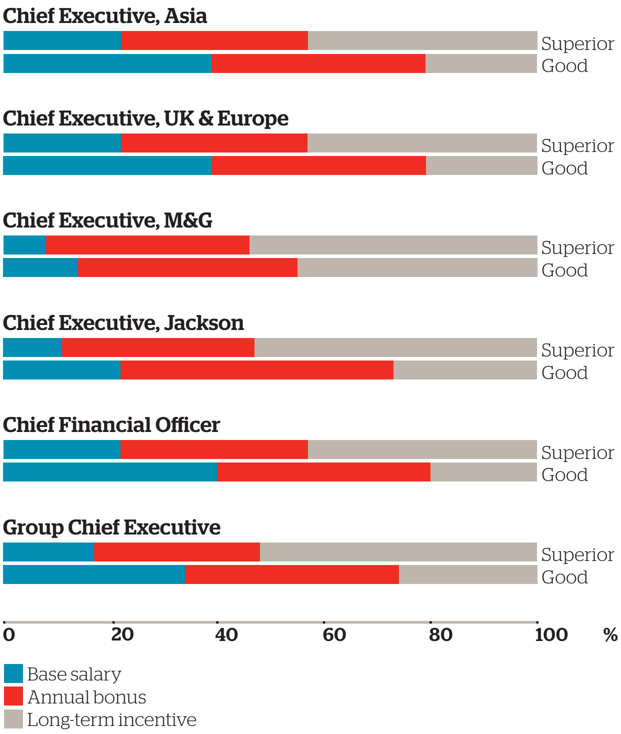
			Annual bonus		Long-term incentive (LTI) Group Performance Share Plan (GPSP)	Long-term incentive (LTI) Business Unit Performance Plan (BUPP)	Long-term incentive (LTI) Total LTI
Director	**Role**	**Base salary at 1 January 2010**	**Maximum % of salary**	**Deferral requirement**	**Maximum % of salary**	**Maximum % of salary**	**Maximum % of salary**
Rob Devey	Chief Executive UK & Europe	£550,000	160%	40% of total bonus	100%	100%	200%
Clark Manning	Chief Executive Jackson	$1,050,000	c. 320% [1]	30% of total bonus	230%	230%	460%
Michael McLintock	Chief Executive M&G	£350,000	note 2	50% of total bonus awarded above £500,000	100%	note 2	note 2
Nic Nicandrou	Chief Financial Officer	£550,000	160%	40% of total bonus	200%	–	200%
Barry Stowe	Chief Executive Asia	HK$8,000,000	160%	40% of total bonus	100%	100%	200%
Tidjane Thiam	Group Chief Executive	£900,000	180%	50% of total bonus	300%	–	300%

Notes
1 Clark Manning's annual bonus figure includes a notional figure for his 10 per cent share of the Jackson senior management bonus pool based on the performance of Jackson.
2 Michael McLintock's annual bonus and long-term incentive opportunity under the M&G Executive LTIP are based on M&G's performance both in absolute terms and relative to its peers. The annual bonus and long-term incentive opportunities are determined by an assessment of market competitive rewards for median and superior performance. In line with practice in the asset management sector, there is no specified maximum incentive award. Michael's total remuneration is subject to an overriding cap such that his total remuneration should not be greater than three per cent of M&G's annual IFRS profits.

2010 remuneration policy

Proportions of fixed and variable remuneration

On a policy basis, the distribution between fixed and variable and short and long-term remuneration for our executive directors is as follows:



The assumptions used are:

- Good performance leads to plan bonus and threshold vesting under long-term incentive plans.
- Superior performance leads to maximum annual bonus and maximum long-term incentive vesting.

Components of remuneration

Base salary

The Committee normally reviews base salaries on an annual basis, taking into account the relevant market for the role, total remuneration and the individual's contribution and experience.

No increases to base salaries were made for executive directors or senior executives in 2009.

Following a review of base salaries during the year, changes have been made to the base salaries for 2010 for some of the executive director roles.

With effect from 1 January 2010, Tidjane Thiam's salary has been increased from £875,000 to £900,000 to reflect better the market competitive rate for the role.

Michael McLintock's salary has been increased from £320,000 to £350,000. Michael's last increase in base salary was in January 2004. Michael's remuneration structure and quantum is determined annually on a total compensation basis and therefore the increase to base salary will not increase his annual or long-term incentive opportunity.

At the time of his appointment in November 2006, Barry Stowe's base salary was denoted in sterling, and delivered in Hong Kong dollars using the prevailing exchange rate. This resulted in a high level of volatility in compensation, particularly in 2008. During 2009 it was considered appropriate to use a fixed exchange rate for 2009 based on the actual average exchange rate for 2008, and to move to a Hong Kong dollar denominated salary from 2010. From 1 January 2010, Barry's salary will be HK$8,000,000. This reflects the exchange rate at the time Barry was appointed.

No adjustment has been made to the base salaries for Clark Manning, Rob Devey or Nic Nicandou at 1 January 2010.

The base salaries for executive directors for 2010 are set out on page 99.

Annual bonus

The 2009 annual bonus plans for the majority of executive directors included performance measures at a Group and business unit level based on:

- IFRS profit;
- EEV profit;
- Cash flow; and
- Insurance Group Directive (IGD) Capital Surplus.

Michael McLintock's business unit annual bonus plan includes growth in third party funds, M&G investment performance and M&G IFRS profit. The performance measures for Jackson are different and are identified later in this section.

A proportion of the annual bonus for all executive directors is based on individual strategic goals. These include the executive director's contribution to Group strategy as a member of the plc Board, and specific goals related to their functional and/or business unit roles. In addition, all employees have a requirement to comply with the regulatory, governance and risk management practices and policies as it applies to their role and business area. Specifically all business units must remain within the Group's risk appetite.

The proportions of financial and individual performance for each executive director are:

	Financial measures		Individual strategic goals
	Group	Business unit	
Rob Devey	20%	60%	20%
Clark Manning[note 1]	25%	65%	10%
Michael McLintock	10%	75%	15%
Nic Nicandrou	80%	–	20%
Barry Stowe	20%	60%	20%
Tidjane Thiam	80%	–	20%

Note

1 The proportions for Clark Manning's annual bonus include a Jackson senior management bonus pool which is based on Jackson financial performance. The proportions shown in the table incorporate a notional level for this pool.

The proportions and measures for the 2010 bonus plans will be as set out above.

Despite the continued turbulence in the financial markets, Prudential has achieved strong results against each of the annual bonus plan measures for 2009. In determining 2009 annual bonus awards, the Committee took into account the Group's and/or business units' absolute financial results achieved both in relation to targets set and against 2008 performance levels. Market expectations against all performance measures were also considered.

2009 Group performance against the IFRS profit, EEV profit and IGD Capital Surplus was strong. Holding company Cash flow was also at a level which resulted in a payment being made for this performance measure.

Under the UK annual bonus plan, IFRS profit, Cash flow and IGD Capital Surplus performance against targets set was strong. EEV profit performance was also above the target set which resulted in a payment being made for this performance measure.

Under the Asia annual bonus plan, IFRS profit, Cash flow and IGD Capital Surplus performance against targets set was strong. EEV profit was below plan performance, and as a result no bonus payment was made for this performance measure.

In addition to IFRS profit, M&G's annual bonus plan performance measures include growth in third party funds under management and comparative fund investment performance. Performance achieved against IFRS profit was lower than in 2008, primarily due to a lower FTSE All Share index in 2009. This result was partially offset by additional income earned on the higher than anticipated inflows as well as an improved return on the Corporate Bond and investment book. Performance achieved against both the growth in third party funds and investment performance measures was strong.

Clark Manning's annual bonus plan includes the Group performance measures noted above and also a share of the Jackson senior management bonus pool based on Jackson IFRS pre-tax operating income and EEV new business profit. The 2009 pool is higher than the pool for 2008 reflecting overall strong performance.

The annual bonus payments included in the table on page 107 are summarised in the table below:

	% of 2009 salary*
Rob Devey[†]	109%
Clark Manning	291%
Michael McLintock	547%
Nic Nicandrou[†]	100%
Nick Prettejohn	104%
Barry Stowe	96%
Tidjane Thiam	139%
Mark Tucker	115%

*Unless otherwise stated, the base salary figures used in the table above represent the actual levels paid to executive directors in 2009 as found in the table on page 107.

[†]In order to provide a meaningful comparison, the base salary figures used in the table above for Nic Nicandrou and Rob Devey have been annualised.

The maximum award levels under the annual bonus plans for 2010 are set out on page 99.

Long-term incentive

All executive directors participate in the Group Performance Share Plan (GPSP) under which awards are based on relative Total Shareholder Return (TSR) performance against a peer group of international insurers.

Executive directors with regional responsibility also participate in plans linked to the relevant business unit's success.

The Committee will continue to keep the performance measures used in the long-term incentive plans under review to ensure their continued relevance.

The 2010 award levels under the two plans are set out on page 99.

Group Performance Share Plan (GPSP) – all executive directors

The GPSP delivers shares to participants subject to performance over a three year period. The performance measure for this plan is TSR. Prudential's TSR performance is measured over the performance period compared with the TSR performance of an index comprised of peer companies. TSR is measured on a local currency basis which is considered to have the benefits of simplicity and directness of comparison.

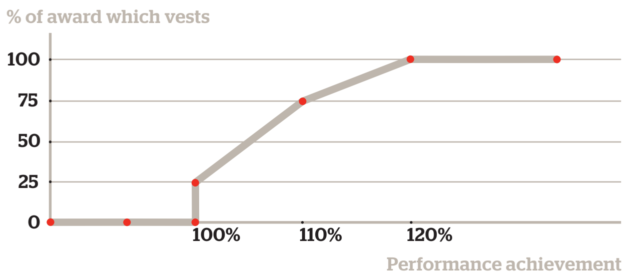
The companies in the index for 2010 include Aegon, Allianz, Aviva, Axa, Generali, ING, Legal & General, Manulife, Old Mutual and Standard Life. The companies in the index for awards made in 2008 and 2009 included the companies above and also Friends Provident, which was removed from the comparator group for both set of awards with effect from November 2009 as a result of its delisting.

The vesting schedule for awards under the GPSP is set out in the table below.

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

* Straight line vesting occurs between the performance levels provided above.

TSR vs Index



For any GPSP award to vest, the Committee must also be satisfied that the quality of the Company's underlying financial performance justifies the level of award delivered at the end of the performance period and may adjust the vesting level accordingly at its discretion. To ensure close alignment with our shareholders' long-term interests, participants receive the value of reinvested dividends over the performance period for those shares that vest.

In order to achieve modest tax and national insurance savings for both the Company and the individual, from 2010 a portion of the award will be delivered using an HM Revenue & Customs (HMRC) approved schedule for UK based employees.

Business Unit Performance Plan (BUPP) – executive directors with regional responsibilities

For executive directors with regional responsibilities, the BUPP delivers shares subject to performance over a three year performance period.

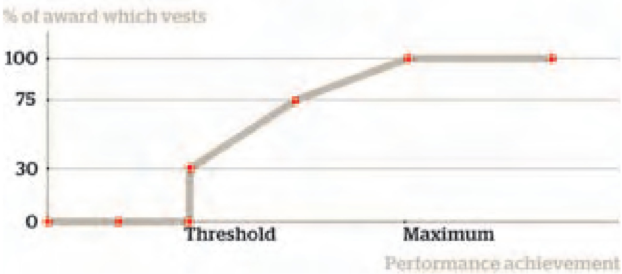
For outstanding awards, the performance measure under the BUPP is Shareholder Capital Value (SCV) which is shareholders' capital and reserves on a European Embedded Value (EEV) basis for each regional business unit. Vesting depends on the increase in SCV over the performance period, and the required growth rates are different for each of Prudential's business regions in order to reflect the relative maturity of each market and business environment.

The vesting schedules for outstanding BUPP awards are set out in the table below. The unvested portion of any award lapses.

	Compound annual growth in SCV over three years		
% of award which vests*	UK & Europe	Jackson	Asia
0%	< 8%	< 8%	< 15%
30%	8%	8%	15%
75%	11%	10%	22.5%
100%	14%	12%	30%

* Straight line vesting occurs between the performance levels provided above.

Compound annual growth in SCV



For the awards to be made in 2010, the performance measure and targets for the Jackson and Asia BUPP will remain as set out above.

For the UK & Europe BUPP, the 2010 award will be based on the same relative TSR measure as applies under the GPSP.

For any BUPP award to vest, the Committee must also be satisfied that the quality of underlying financial performance of each business unit justifies the level of award delivered at the end of the performance period and may adjust vesting levels accordingly at its discretion. To ensure close alignment with our shareholders' long-term interests, participants receive the value of reinvested dividends over the performance period for those shares that vest.

M&G Executive Long-Term Incentive Plan – Michael McLintock

Under the M&G Executive Long-Term Incentive Plan an award of phantom shares is made with a notional starting share price of £1. The phantom share price at vesting will be determined by the increase or decrease in M&G's IFRS profits over the three year performance period. The number of phantom shares subject to the award will be adjusted at the end of the three year performance period to take account of the performance of M&G both in terms of levels of profitability and fund investment performance as follows:

Profit growth

- Awards will be scaled back based on profit performance achieved if profits in the third year are less than the average of the profits over the performance period;
- No adjustment will be made if the profits at the end of the third year are at least equal to the average of the profits over the performance period;
- No award will vest in the event of a loss or zero profit, irrespective of fund performance; and
- Between the two points above, the scaling back will be on a straight line basis from 0 per cent to 100 per cent of the award.

Investment performance

- Where investment performance over the three-year performance period is in the top two quartiles, the number of phantom shares vesting will be enhanced. A sliding scale will apply up to 200 per cent of the annual award, which is awarded when top quartile performance is achieved; and
- Awards will be forfeited if investment performance is in the fourth quartile, irrespective of any profit growth.

The value of the vested phantom shares will be paid in cash after the end of the three year performance period.

The number of phantom shares in the award depends on the performance of M&G in the financial year in respect of which the award is made and an assessment of Michael McLintock's contribution. Therefore the base value of the award to be made in 2010 relates to M&G's performance in 2009. The expected value of the award is determined by an independent third party (PricewaterhouseCoopers LLP). Based on 2009 performance, an award of 987,179 phantom shares of £1 with an anticipated value of £1,925,000 will be made in 2010. The ultimate value of the award will be based on the profit and investment performance of M&G over three years.

All-employee plans

Save As You Earn (SAYE) schemes

UK based executive directors are eligible to participate in the Prudential HMRC approved SAYE scheme and the Asia based executive director can participate in the equivalent International SAYE scheme. These schemes allow employees to save towards the exercise of options over Prudential plc shares, at an option price set at the beginning of the savings period at a discount of up to 20 per cent to the market price.

Savings contracts may be up to £250 per month for three or five years. On maturity at the end of the set term, participants may exercise their options within six months of the end of the savings period and purchase Prudential plc shares. If an option is not exercised within six months, participants are entitled to a refund of their cash savings plus interest if applicable under the rules.

Shares are issued to satisfy options that are exercised. No options may be granted under the schemes if the grant would cause the number of shares which have been issued, or which remain issuable pursuant to options granted in the preceding 10 years under the scheme and other share option schemes operated by the Company, or which have been issued under any other share incentive scheme of the Company, to exceed 10 per cent of the Company's ordinary share capital at the proposed date of grant.

Share Incentive Plan (SIP)

UK-based executive directors are also eligible to participate in the Company's HMRC approved SIP which allows all UK based employees to purchase shares of Prudential plc (partnership shares) on a monthly basis out of gross salary. For every four partnership shares bought, an additional matching share is awarded, which is purchased by Prudential on the open market. Dividend shares accumulate while employees participate in the plan. Partnership shares may be withdrawn from the scheme at any time. If the employee withdraws from the plan within five years, the matching shares are forfeited and if within three years, dividend shares are also forfeited.

Pensions and long-term savings policy

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.

For executive directors hired after 30 June 2003, the Company's policy is to provide a supplement of 25 per cent of salary. This includes, where relevant, any Company contributions to the staff defined contribution pension plan, which UK executive directors may choose to join. This plan has no salary cap.

This approach applies to Rob Devey, Nic Nicandrou, Barry Stowe and Tidjane Thiam.

Clark Manning is eligible to participate in Jackson's Defined Contribution Retirement Plan, a qualified 401(k) retirement plan, on the same basis as all other US based employees. The Company provides matching contributions of six per cent of base salary. He is also eligible to participate in the profit sharing element of the plan that provides eligible participants with an annual profit sharing contribution, depending on the financial results of Jackson for the plan year, with a maximum of six per cent of base salary.

Michael McLintock participates in a contributory defined benefit scheme that provides a target pension of two thirds of final pensionable earnings on retirement at age 60. Participation is on the same basis as other employees who joined at the same date. Benefits under the plan are subject to a notional scheme earnings cap, set at £117,600 and £123,600 for the 2008/09 and 2009/10 tax years respectively. Michael is entitled to supplements based on his salary above the notional earnings cap.

In 2010, the Long Term Savings Plan (LTSP) and the Alternative Retirement Benefit Scheme (ARBS) will be established to provide long-term savings vehicles for executive directors and other employees. The LTSP will be established under ordinary UK tax legislation for Employee Benefit Trusts, and the ARBS will be established under specific UK tax legislation relating to Employer Financed Retirement Benefits Schemes. If the Trustees accept annual discretionary contributions to either of these plans, no cash supplement for pension purposes will be paid to UK based executive directors.

Executive directors' joining and leaving arrangements in 2009

Mark Tucker

The 2008 Directors' Remuneration Report provided details of the remuneration arrangements that would apply to Mark Tucker subsequent to his resignation as Group Chief Executive. These arrangements were implemented as intended by the Committee. In January 2010, a payment equivalent to three months salary and benefits was made to Mark relating to restrictions on employment.

Tidjane Thiam
The 2008 Directors' Remuneration Report provided details of the remuneration arrangements that would apply to Tidjane Thiam on appointment as Group Chief Executive from 1 October 2009. To reflect the transition of responsibilities from Mark Tucker, the Committee decided that it was appropriate that Tidjane's arrangements be implemented with effect from 1 July 2009.

Nick Prettejohn
Nick Prettejohn resigned from the position of Chief Executive UK & Europe and left the Group on 30 September 2009. The remuneration arrangements on leaving that were approved by the Committee included:

- A payment equivalent to nine months' salary and benefits, paid in instalments in October 2009 and January 2010 relating to restrictions on employment up to 1 April 2010;
- Prorated 2009 annual bonus (9/12ths) based on his length of service during the year and fully paid in cash in March 2010;
- Outstanding deferred share awards were released in accordance with the scheme rules; and
- The long-term incentive plan awards for 2007, 2008 and 2009 will vest at the end of each relevant three year performance period pro-rated based on service, i.e. 33/36ths, 21/36ths and 9/36ths respectively. Vesting will remain dependent on performance achieved over the relevant performance periods and any shares released will occur at the same time as for all other participants in the GPSP and BUPP.

Rob Devey
Rob Devey's remuneration structure on appointment to Chief Executive UK & Europe is summarised on page 99. Rob's deferred share and long-term incentive award buyout arrangements, that were approved by the Committee in order to compensate him for losses incurred as a result of leaving his previous employer, can be found under 'Other share awards' on page 111.

In order for Rob to take up the position with Prudential, he was required to relocate. To facilitate this move, the Committee approved the payment of stamp duty and other incidental moving costs of £131,310. Should Rob leave the Group within two years, or give notice of intention to leave, these payments would be clawed back. Further details of these benefits can be found on page 107.

Nic Nicandrou
Nic Nicandrou's remuneration structure on appointment to Chief Financial Officer is summarised on page 99. Nic's deferred share and long-term incentive award buyout arrangements, that were approved by the Committee in order to compensate him for losses incurred as a result of leaving his previous employer, can be found under 'Other share awards' on page 111.

In order for Nic to take up the position with Prudential, he was required to relocate. To facilitate this move, the Committee approved payment of stamp duty and payment of the subsidy on the interest due on his mortgage. Should Nic leave the Group within two years, or give notice of intention to leave, these payments would be clawed back. Nic has not yet moved house and therefore he has not yet been reimbursed for any relocation costs.

Service Contracts

Chairman's letter of appointment and benefits
Harvey McGrath joined as a non-executive director on 1 September 2008 and became Chairman from 1 January 2009. He is paid an annual fee of £500,000 which is fixed for three years. A contractual notice period of 12 months by either party applies. Harvey is provided with life assurance cover of four times his annual fees in lieu of death in service benefit, and the use of a car and driver. No pension allowance is paid and he is not a member of any Group pension scheme. Harvey is also entitled to participate in a medical insurance scheme but did not take up this benefit.

Directors' service contracts and letters of appointment
Executive directors have contracts that terminate on their normal retirement date. The normal retirement date for Clark Manning and Barry Stowe is the date of their 60th birthdays. For other executive directors, the normal retirement date is the date of their 65th birthdays.

The normal notice of termination the Company is required to give executive directors is 12 months. Accordingly, in normal circumstances the director would be entitled to one year's salary and benefits in respect of the notice period on termination. Additionally, outstanding awards under annual and long-term incentive plans may vest depending on the circumstances and according to the rules of the plans. When considering any termination of a service contract, the Committee will have regard to the specific circumstances of each case, including a director's obligation to mitigate his loss. Payments additionally would be phased over the notice period.

Policy on external appointments
Subject to the Group Chief Executive's or Chairman's approval, executive directors are able to accept external appointments as non-executive directors of other organisations. Any fees paid may be retained by the executive director. In 2009, Tidjane Thiam earned 15,000 euros and Michael McLintock earned £42,500 from external companies. Other directors served as non-executive directors on the boards of companies in the educational and cultural sectors without receiving a fee for such services.

Non-executive directors' letters of appointment
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.

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. Thereafter, the Board may invite the directors to serve for an additional period.

	Date of contract	Notice period to the Company	Notice period from the Company
Rob Devey	1 July 2009	12 months	12 months
Clark Manning note 1	7 May 2002	12 months	12 months
Michael McLintock	21 November 2001	6 months	12 months
Nic Nicandrou	26 April 2009	12 months	12 months
Barry Stowe	18 October 2006	12 months	12 months
Tidjane Thiam	20 September 2007	12 months	12 months

Note

1 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.

	Date of initial appointment by the Board	Commencement date of current term	Expiry date of current term
Keki Dadiseth	1 April 2005	AGM 2008	AGM 2011
Michael Garrett	1 September 2004	AGM 2008	AGM 2011
Ann Godbehere	2 August 2007	AGM 2008	AGM 2011
Bridget Macaskill	1 September 2003	AGM 2007	AGM 2010
Kathleen O'Donovan	8 May 2003	AGM 2007	AGM 2010
James Ross	6 May 2004	AGM 2008	AGM 2011
Lord Turnbull	18 May 2006	AGM 2009	AGM 2012

Non-executive directors' remuneration

Non-executive directors are not eligible to participate in annual bonus 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 fees annually and the last fee change was effective 1 July 2008.

The annual fees which were paid in 2009 for non-executive directors' board and committee membership are detailed in the table below.

	From 1 July 2008 £
Basic fee	66,500
Audit Committee Chairman – additional fee	50,000
Audit Committee member – additional fee	20,000
Remuneration Committee Chairman – additional fee	22,500
Remuneration Committee member – additional fee	10,000
Senior Independent Director – additional fee	30,000

Currently 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.

	Annual fee as at 1 January 2009 (or on appointment if later) £	Annual fee as at 1 January 2010 £
Sir Winfried Bischoff note 1	66,500	n/a
Keki Dadiseth	76,500	76,500
Michael Garrett	76,500	76,500
Ann Godbehere note 2	86,500	116,500
Bridget Macaskill	89,000	89,000
Kathleen O'Donovan note 3	116,500	86,500
James Ross	106,500	106,500
Lord Turnbull	86,500	86,500

Notes

1 Sir Winfried Bischoff left the Company on 15 September 2009.

2 Ann Godbehere became Chairman of the Audit Committee on 1 October 2009; she was previously a member of the Audit Committee.

3 Kathleen O'Donovan ceased to be Chairman of the Audit Committee on 30 September 2009 but remains a member of the Audit Committee.

Shareholding guidelines

As a condition of serving, all executive and non executive directors are currently required to have beneficial ownership of 2,500 ordinary shares in the Company. This interest in shares must be acquired within 12 months of appointment to the Board if the director does not have such an interest upon appointment.

Executive directors should have a substantial shareholding which should be built up over a period of five years. Shares earned and deferred under the annual bonus plan are included in calculating the executive director's shareholding.

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

	Guideline shareholding policy – after five years	Shareholding at 8 March 2010 as a % of salary note 1
Rob Devey	1 x salary	59%
Clark Manning	1 x salary	265%
Michael McLintock	2 x salary	1214%
Nic Nicandrou	1 x salary	133%
Barry Stowe note 2	1 x salary	122%
Tidjane Thiam	2 x salary	208%

Notes
1 Based on the share price as at 31 December 2009 (£6.40).
2 Shareholdings for Barry Stowe include American Depositary Receipts (ADR's). One ADR is equivalent to two Prudential plc shares.

Directors' shareholdings

The interests of directors in ordinary shares of the Company are set out below. This includes deferred annual bonus awards and interests in shares awarded on appointment detailed in the table on 'Other Share Awards' on page 111.

The interests of directors in shares of the Company include changes between 31 December 2009 and 8 March 2010. All interests are beneficial.

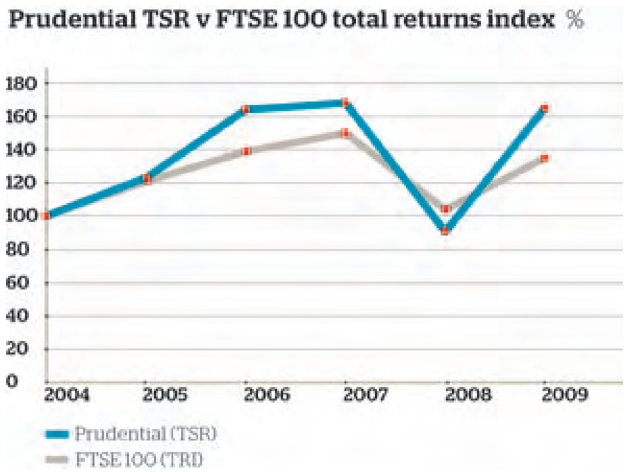
	1 January 2009*	31 December 2009	8 March 2010
Keki Dadiseth	24,004	27,489	27,489
Rob Devey	–	50,575	50,575
Michael Garrett	26,731	32,425	32,425
Ann Godbehere	7,333	11,518	11,518
Bridget Macaskill	19,842	23,970	23,970
Clark Manning	113,155	277,273	277,273
Harvey McGrath	292,888	296,785	296,785
Michael McLintock	458,650	663,818	663,818
Nic Nicandrou	–	114,653	114,653
Kathleen O'Donovan	17,059	20,621	20,621
James Ross	15,371	18,643	18,643
Barry Stowe note 1	108,433	125,519	125,519
Tidjane Thiam	205,067	291,901	291,901
Lord Turnbull	9,038	12,562	12,562

*Or date of appointment if later.

Note
1 Part of Barry Stowe's interests in shares are made up of 30,339 ADRs (representing approximately 60,678 ordinary shares). 8,513.73 of the ADRs are held within an investment account which secures premium financing for a life assurance policy.

TSR performance graph

The line graph below shows the TSR of the Company during the five years from 1 January 2005 to 31 December 2009 against the FTSE 100. This comparison was selected as Prudential is a major company in the FTSE 100.



TSR 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 2009

	Salary/Fees	Bonus	Benefits*	Cash supplements for pension purposes†	Other cash payments	Total Emoluments 2009	Total Emoluments 2008 including cash supplements for pension purposes‡	Value of anticipated releases from LTIPs in respect of performance periods ending 31 December 2009§
	£000							
Chairman								
Harvey McGrath	500		42			542		
David Clementi (until 31 December 2008)							715	
Executive directors								
Phillip Broadley (until 15 May 2008)							440	
Rob Devey (from 16 November 2009) note 1	69	600	138	1		808		
Clark Manning note 2	696	2,028	29	–		2,753	1,768	1,223
Michael McLintock note 3	320	1,750	53	6		2,129	2,154	2,572
Nic Nicandrou (from 28 October 2009) note 4	98	550	5	1		654		
Nick Prettejohn note 5	488	505	40	63	607	1,703	1,444	763
Barry Stowe note 6	646	618	262	162		1,688	1,207	1,098
Tidjane Thiam note 7	763	1,056	49	87		1,955	1,244	
Mark Tucker note 8	731	841	99	183	308	2,162	2,227	1,731
Total executive directors	3,811	7,948	675	503	915	13,852	10,484	7,387
Non-executive directors								
Sir Winfried Bischoff note 9	47					47	63	
Keki Dadiseth note 10	86					86	73	
Michael Garrett	77					77	73	
Ann Godbehere	94					94	81	
Bridget Macaskill	89					89	86	
HarveyMcGrath (until 31 Dec 2008)							167	
Kathleen O'Donovan	109					109	108	
James Ross	107					107	101	
Lord Turnbull	87					87	81	
Total non-executive directors	696					696	833	
Overall total	5,007	7,948	717	503	915	15,090	12,032	7,387

* Benefits include where provided the use of a car and driver, medical insurance, security arrangements and expatriate benefits.

† Pension supplements that are paid in cash are included in the table. The policy on pensions is described in the section on 'Pensions and long-term savings policy' on page 103. The pension and long-term savings arrangements for current executive directors are described in the section on 'Directors' pensions and life assurance' on page 113.

‡ 2009 figures include deferred share awards made from 2009 annual bonus plans which are detailed in the section 'Other share awards' on page 111.

§ Value of anticipated LTIP releases is the total of cash paid plus, for shares released, the value of the released shares based on the share price at 31 December 2009. All executive directors participate in long-term incentive plans and the details of share releases from awards with a performance period ending 31 December 2009 are provided in the footnote to the tables on share awards on pages 109 to 110. Executive directors' participation in all-employee plans are detailed on page 113.

Notes

1 As part of Rob Devey's appointment terms, it was agreed that any bonus award for Rob would be assessed as if he had been in employment for the whole of 2009. It is anticipated that a deferred share award from the 2009 annual bonus valued at £240,000 will be made to Rob. This is included in the 2009 bonus figure. Actual costs reimbursed to Rob as part of his relocation arrangements as detailed on page 104 are included in the benefits figure. It should be noted that Rob elected not to receive his cash supplement for pension purposes in full during 2009. It is anticipated that the Company will make a request to the Trustees of the Alternative Retirement Benefit Scheme during 2010 to accept a contribution for an amount equivalent to this supplement.

2 Clark Manning's bonus figure excludes a contribution of $14,700 from a profit sharing plan which has been made into a 401(k) retirement plan. This is included in the table on pension contributions on page 114. It is anticipated that a deferred share award from the 2009 annual bonus valued at $476,250 will be made to Clark. This is included in the 2009 bonus figure.

3 It is anticipated that for Michael McLintock a deferred share award from the 2009 annual bonus valued at £625,000 will be made. This is included in the 2009 bonus figure.

Notes continued

4 As part of Nic Nicandrou's appointment terms, it was agreed that any bonus award for Nic would be assessed as if Nic had been in employment for the whole of 2009. It is anticipated that a deferred share award from the 2009 annual bonus valued at £220,000 will be made to Nic. This is included in the 2009 bonus figure. As detailed on page 104, Nic has not yet been reimbursed for any relocation expenses. It should be noted that Nic elected not to receive his cash supplement for pension purposes in full during 2009. It is anticipated that the Company will make a request to the Trustees of the Long Term Savings Plan during 2010 to accept a contribution for an amount equivalent to this supplement.

5 As outlined on page 104, Nick Prettejohn's 2009 annual bonus payment has been prorated for length of service during the year and is based on performance outcomes achieved at the end of 2009. This bonus will be fully paid in cash in March 2010. The figure in the 'Other cash payments' column reflects a termination payment that was agreed as part of his leaving arrangements which was paid in instalments on 13 October 2009 and 11 January 2010 as detailed on page 104.

6 It is anticipated that for Barry Stowe a deferred share award from the 2009 annual bonus valued at HK$2,248,852 will be made. This is included in the 2009 bonus figure. Barry's benefits primarily relate to his expatriate status including costs of £148,051 for housing, £41,528 for children's education and £32,607 for home leave.

7 Tidjane Thiam's 2009 annual bonus outcome was determined taking into account the period of time he was remunerated as Chief Financial Officer and Group Chief Executive. It is anticipated that for Tidjane a deferred share award from the 2009 annual bonus valued at £528,137 will be made. This is included in the 2009 bonus figure.

8 As part of Mark Tucker's remuneration arrangements following his resignation from Prudential, it was agreed that his 2009 annual bonus payment would be prorated based on length of service during the year and paid at a target level of performance. The figure in the 'Other cash payments' column reflects a termination payment that was agreed as part of his leaving arrangements as detailed on page 103 and paid on 11 January 2010.

9 Sir Winfried Bischoff left the Company on 15 September 2009.

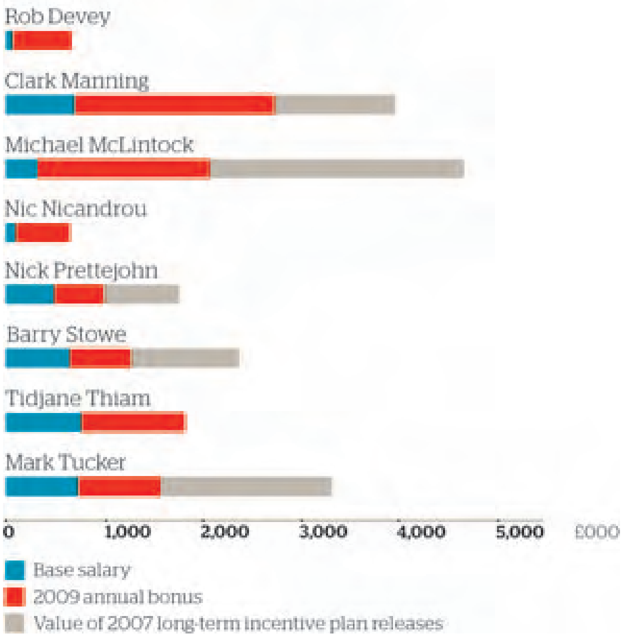
10 Keki Dadiseth was paid allowances totalling £5,398 in 2009 in respect of his accommodation expenses in London whilst on the Company's business as is the usual practice for directors who are not resident in the UK.

Summary of remuneration provided for 2009

The chart opposite summarises the remuneration received by executive directors in 2009. This includes actual base salary payments made during the year, total annual bonus awards for 2009 performance including deferrals into shares, and long-term incentive plan releases in respect of awards made in 2007. Tidjane Thiam, Rob Devey and Nic Nicandrou did not have long-term incentive awards for 2007.

Value of payments and share awards

Remuneration elements £000



Directors' outstanding long-term incentive awards

Share-based long-term incentive awards

The section below sets out the outstanding share awards under the Restricted Share Plan (RSP), the Group Performance Share Plan (GPSP) and the Business Unit Performance Share Plan (BUPP).

Plan name	Year of initial award	Conditional share awards outstanding at 1 January 2009 (Number of shares)	Conditional awards in 2009 (Number of shares)	Market price at date of original award (pence)	Scrip dividend equivalents on vested shares (Number of shares released)	Rights exercised in 2009	Rights lapsed in 2009	Conditional share awards outstanding at 31 December 2009 (Number of shares)	Date of end of performance period
Rob Devey									
GPSP	2009		120,898	639				120,898[1]	31 Dec 11
BUPP	2009		120,897	639				120,897[1]	31 Dec 11
Total			241,795					241,795	
Clark Manning									
GPSP	2006	241,415		591.5	18,259	223,067	18,348	0	31 Dec 08
BUPP	2006	120,707		591.5	0	0	120,707	0	31 Dec 08
GPSP	2007	191,140		745				191,140[2]	31 Dec 09
BUPP	2007	95,570		745				95,570[3]	31 Dec 09
GPSP	2008	182,262		674.5				182,262	31 Dec 10
BUPP	2008	91,131		674.5				91,131	31 Dec 10
GPSP	2009		468,476	455.5				468,476[1]	31 Dec 11
BUPP	2009		468,476	455.5				468,476[1]	31 Dec 11
Total		922,225	936,952		18,259	223,067	139,055	1,497,055	
Michael McLintock									
GPSP	2006	64,199		591.5	4,852	59,319	4,880		31 Dec 08
GPSP	2007	52,040		745				52,040[2]	31 Dec 09
GPSP	2008	48,330		674.5				48,330	31 Dec 10
GPSP	2009		92,022	455.5				92,022[1]	31 Dec 11
Total		164,569	92,022		4,852	59,319	4,880	192,392	
Nic Nicandrou									
GPSP	2009		316,328	639				316,328[1]	31 Dec 11
Total			316,328					316,328	
Nick Prettejohn									
GPSP	2006	149,964		591.5	11,341	138,566	11,398	0	31 Dec 08
BUPP	2006	74,982		591.5	0	0	74,982	0	31 Dec 08
GPSP	2007	130,071		745				130,071[2]	31 Dec 09
BUPP	2007	65,035		745				65,035[3]	31 Dec 09
GPSP	2008	127,622		674.5				127,622	31 Dec 10
BUPP	2008	63,811		674.5				63,811	31 Dec 10
GPSP	2009		242,997	455.5				242,997[1]	31 Dec 11
BUPP	2009		242,997	455.5				242,997[1]	31 Dec 11
Total		611,485	485,994		11,341	138,566	86,380	872,533	
Barry Stowe									
GPSP	2007	105,706		745				105,706[2]	31 Dec 09
BUPP	2007	52,853		745				52,853[2]	31 Dec 09
GPSP	2008	107,988		674.5				107,988	31 Dec 10
BUPP	2008	53,994		674.5				53,994	31 Dec 10
GPSP	2009		196,596	455.5				196,596[1]	31 Dec 11
BUPP	2009		196,596	455.5				196,596[1]	31 Dec 11
Total		320,541	393,192					713,733	
Tidjane Thiam									
GPSP	2008	314,147		674.5				314,147	31 Dec 10
GPSP	2009		299,074	455.5				299,074[1]	31 Dec 11
Total		314,147	299,074					613,221	
Mark Tucker									
RSP	2005	223,011		501				223,011	31 Dec 07
GPSP	2006	337,044		591.5	25,493	311,428	25,616	0	31 Dec 08
GPSP	2007	295,067		745				295,067[2]	31 Dec 09
GPSP	2008	294,512		674.5				294,512	31 Dec 10
Total		1,149,634			25,493	311,428	25,616	812,590	

Cash rights granted under the Business Unit Performance Plan

Plan name	Year of initial award	Conditional awards outstanding at 1 January 2009 £000	Conditional awards in 2009 £000	Cash rights lapsed in 2009 £000	Conditional awards outstanding at 31 December 2009 £000	Date of end of performance period
Clark Manning						
BUPP	2006	577		577	0	31 Dec 08
BUPP	2007	624[3]			624	31 Dec 09
BUPP	2008	652			652	31 Dec 10
Nick Prettejohn						
BUPP	2006	374		374	0	31 Dec 08
BUPP	2007	400[3]			400	31 Dec 09
BUPP	2008	423			423	31 Dec 10
Barry Stowe						
BUPP	2007	325[3]			325	31 Dec 09
BUPP	2008	358			358	31 Dec 10

Notes

1 2009 awards made under the GPSP and the BUPP have a performance period from 1 January 2009 to 31 December 2011. In determining the 2009 conditional share awards the shares were valued at the average share price for the 30 days immediately following the announcement of Prudential's 2008 results, and the price used to determine the number of shares was 347.74 pence.

The awards for Clark Manning and Barry Stowe were made in ADRs (one ADR is equivalent to two Prudential plc shares or $10.31). The figures in the table are represented in terms of Prudential shares.

2 At 31 December 2009 Prudential's TSR performance was 143.72 per cent of the TSR performance of the index. Hence it is anticipated that awards granted under this scheme in 2007 will vest in full. This results in 270,478 shares for Mark Tucker; 191,140 shares for Clark Manning; 52,040 shares for Michael McLintock; 119,231 shares for Nick Prettejohn and 105,706 shares for Barry Stowe. In accordance with the plan rules, the anticipated number of shares released for Mark Tucker and Nick Prettejohn as a result of their resignation from Prudential will be prorated accordingly.

3 At 31 December 2009, Shareholder Capital Value performance under the 2007 BUPPs was as follows:

	% compound growth in SCV	No. of shares released from 2007 BUPP share award	Anticipated value of 2007 BUPP cash award release
Jackson	4.1%	nil	nil
UK	0.3%	nil	nil
Asia	20.6%	33,615	£206,700

Business-specific cash-based long-term incentive plans

Details of all outstanding awards under cash-based long-term incentive plans up to and including 2009 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 January 2009 £000	Conditionally awarded in 2009 £000	Payments made in 2009 £000	Face value of conditional awards outstanding at 31 December 2009 £000	Date of end of performance period
Michael McLintock						
Phantom M&G options	2005	368		394	0	31 Dec 07
Phantom M&G options	2006	368		254	0	31 Dec 08
Phantom M&G shares	2006	225		380	0	31 Dec 08
Phantom M&G shares	2007	1,333			1,333	31 Dec 09
M&G Executive LTIP	2008	1,141			1,141	31 Dec 10
M&G Executive LTIP	2009		1,830		1,830	31 Dec 11
Total cash payments made in 2009				1,028		

Notes

Michael McLintock's 2005 and 2006 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 both 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 (three to seven years after the start of the performance period).

For the 2005 phantom option award of 367,800 units, the option price at the end of the performance period was £1.07. This resulted in a payment of £393,546 to Michael McLintock. For the 2006 award, the phantom share price at the end of the performance period was £1.69 and the phantom option price was £0.69. This resulted in a payment from the phantom share award of £380,250 and the phantom option award of £253,782.

The 2008 Directors' Remuneration Report stated that an award of 2,282,353 phantom shares of £1 with an anticipated value of £1,940,000 was made in 2009. Following a re-evaluation of the per unit expected value calculation, the number of units required to deliver this anticipated value has been reduced to 1,830,189. The anticipated value of this award remains unchanged.

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 bonus plan payouts. 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 awards from the 2008 annual bonus, made in 2009, the average share price was 308.63 pence.

	Year of initial grant	Conditional share awards outstanding at 1 January 2009 (Number of shares)	Conditionally awarded in 2009 (Number of shares)	Scrip dividends accumulated (Number of shares)	Shares released in 2009 (Number of shares)	Conditional share awards outstanding at 31 December 2009 (Number of shares)	Date of end of restricted period	Date of release	Market price at original date of award (pence)	Market price at date of vesting or release (pence)
Rob Devey										
Awards under appointment terms	2009		50,575			50,575[1]	31 Mar 12			
Clark Manning										
Deferred 2006 annual bonus award	2007	9,600		464		10,064	31 Dec 09			
Deferred 2007 annual bonus award	2008	17,003		822		17,825	31 Dec 10			
Michael McLintock										
Deferred 2006 annual bonus award	2007	85,929		4,161		90,090	31 Dec 09			
Deferred 2007 annual bonus award	2008	106,895		5,176		112,071	31 Dec 10			
Deferred 2008 annual bonus award	2009		207,368	10,042		217,410	31 Dec 11			
Nick Prettejohn										
Deferred 2006 annual bonus award	2007	12,487		604	13,091	0[2]	31 Dec 09	01 Oct 09	723	592
Deferred 2007 annual bonus award	2008	51,380		2,488	53,868	0[2]	31 Dec 10	01 Oct 09	635	592
Deferred 2008 annual bonus award	2009		105,304	5,099	110,403	0[2]	31 Dec 11	01 Oct 09	349.5	592
Nic Nicandrou										
Awards under appointment terms	2009		10,616			10,616[3]	31 Mar 10			
			5,889			5,889[3]	31 Mar 10			
			13,898			13,898[3]	31 Mar 11			
			16,059			16,059[3]	31 Mar 11			
			68,191			68,191[3]	31 Mar 12			

Other share awards continued

	Year of initial grant	Conditional share awards outstanding at 1 January 2009 (Number of shares)	Conditionally awarded in 2009 (Number of shares)	Scrip dividends accumulated (Number of shares)	Shares released in 2009 (Number of shares)	Conditional share awards outstanding at 31 December 2009 (Number of shares)	Date of end of restricted period	Date of release	Market price at original date of award (pence)	Market price at date of vesting or release (pence)
Barry Stowe										
Awards under appointment terms	2006	7,088			7,088	0	01 May 09	15 May 09	702	437
		28,706			28,706	0	01 Sept 09	01 Sept 09	702	525.5
		7,088				7,088	01 Jan 10			
		2,110				2,110	01 May 10			
Deferred 2007 annual bonus award	2008	41,755		2,022		43,777	31 Dec 10			
Deferred 2008 annual bonus award	2009		20,092	972		21,064	31 Dec 11			
Tidjane Thiam										
Awards under appointment terms	2008	16,336			16,336	0	31 Mar 09	31 Mar 09	662	337
		41,148			41,148	0	31 Mar 09	31 Mar 09	662	337
		48,362				48,362	31 Mar 10			
		41,135				41,135	31 Mar 10			
		49,131				49,131	31 Mar 11			
Deferred 2008 annual bonus award	2009		105,304	5,099		110,403	31 Dec 11			
Mark Tucker										
Deferred 2006 annual bonus award	2007	76,288		3,694	79,982	0[4]	31 Dec 09	01 Oct 09	723	592
Deferred 2007 annual bonus award	2008	75,761		3,669	79,430	0[4]	31 Dec 10	01 Oct 09	635	592

Notes

1 In order to secure the appointment of Rob Devey and to compensate him for the loss of outstanding long-term remuneration, Rob was awarded rights to Prudential shares as set out in the table.

2 Under the terms agreed on his leaving the Company, the outstanding deferred awards to Nick Prettejohn have been released to him.

3 In order to secure the appointment of Nic Nicandrou and to compensate him for the loss of outstanding long-term remuneration, Nic was awarded rights to Prudential shares as set out in the table.

4 Under the terms agreed on his leaving the Company, the outstanding deferred awards to Mark Tucker have been released to him.

Outstanding share options

Options outstanding under the SAYE scheme are set out below. The SAYE is open to all UK and certain overseas employees. Options under this scheme up to 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 January 2009	Exercised in 2009	Market price on exercise date (pence)	Options forfeit in 2009	Options granted in 2009	Options outstanding at 31 December 2009	Market price at 31 December 2009 (pence)	Original exercise price (pence)	Exercise price adjusted for 2004 Rights Issue (pence)	Earliest exercise date	Latest exercise date
Nick Prettejohn	2006	661			661		0		565	n/a	01 Jun 09	30 Nov 09
Tidjane Thiam	2008	1,705					1,705	640	551	n/a	01 Jun 11	30 Nov 11
Mark Tucker	2005	2,297			2,297		0		407	n/a	01 Dec 08	31 May 09

Notes
1 Gains of £0 were made by directors in 2009 on the exercise of share options (2008: £15,420).
2 No price was paid for the award of any option.
3 The highest and lowest share prices during 2009 were 650.5 pence and 207 pence respectively.

Dilution

From 2010 onwards, shares releases from Prudential's GPSP and BUPP will be satisfied by using new issue shares as the primary vehicle to satisfy these arrangements rather than purchasing shares in the open market. Shares relating to options granted under all-employee share plans are also satisfied by new issue shares. The combined dilution from all outstanding shares and options at 31 December 2009 was 0.2% of the total share capital at the time. Deferred shares will continue to be satisfied by the purchase of shares in the open market.

Directors' pensions and life assurance

The pensions policy is set out on page 103. Prudential's current practice in respect of pension arrangements for the current executive directors is set out below.

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. 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). Michael McLintock is entitled to supplements based on the portion of his basic salary not covered for pension benefits under a HMRC approved scheme. 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. Company matching contributions of six per cent of base salary up to a maximum of $14,700 were made in 2009. In addition, an annual profit sharing contribution of $14,700 was made in 2009.

Rob Devey, Nic Nicandrou, Tidjane Thiam and Barry Stowe are entitled to a total salary supplement of 25 per cent of base salary. They are all provided with life assurance cover of four times salary. All these executive directors, expect Barry Stowe, have opted to become members of the staff defined contribution pension plan.

Where supplements for long-term saving and pension purposes are paid in cash, the amounts are included in the table on page 107.

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

				Additional pension earned during year ended 31 December 2009		Transfer value of accrued benefit at 31 December note 3			
	Age at 31 December 2009	Years of pensionable service at 31 December 2009	Accrued benefit at 31 December 2009	Ignoring inflation on pension earned to 31 December 2008 note 1	Allowing for inflation on pension earned to 31 December 2008 note 2	2009 B	2008 A	Amount of (B-A) less contributions made by directors during 2009	Contributions to pension and life assurance arrangements note 4
			£000	£000	£000	£000	£000	£000	£000
Rob Devey	41								0
Clark Manning	51								21
Michael McLintock	48	17	47	5	5	755	426	329[5]	89
Nic Nicandrou	44								0
Nick Prettejohn	49								59
Barry Stowe	52								2
Tidjane Thiam	47								113
Mark Tucker	52								16

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 Supplements in the form of cash are included in the table on page 107.
5 A number of factors operating together have resulted in the increase in transfer value over the year. This includes increases due to changes in market conditions from inflation rates rising and interest rates falling, an extra year of service accruing, an increase in the HMRC earnings cap and Michael drawing one year closer to retirement.

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 £876,466 (2008: £1,027,267) of which £298,586 (2008: £268,668) related to money purchase schemes.

Signed on behalf of the Board of directors

Bridget Macaskill
Chairman, Remuneration Committee

8 March 2010

Harvey McGrath
Chairman

8 March 2010